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Cherwell District Council

Council

Minutes of a meeting of the Council held at Bodicote House, Bodicote, Banbury, Oxon OX15 4AA, on 24 February 2025 at 6.30 pm

Present:

Councillor Dr Chukwudi Okeke (Chairman)

Councillor Dorothy Walker (Vice-Chairman)

Councillor Tom Beckett

Councillor Rebecca Biegel

Councillor Gordon Blakeway

Councillor Chris Brant

Councillor Besmira Brasha

Councillor John Broad

Councillor Phil Chapman

Councillor Mark Cherry

Councillor Becky Clarke MBE

Councillor Jean Conway

Councillor Gemma Coton

Councillor Donna Ford

Councillor Ian Harwood

Councillor David Hingley

Councillor Matt Hodgson

Councillor Frank Ideh

Councillor Harry Knight

Councillor Simon Lytton

Councillor Kieron Mallon

Councillor Fiona Mawson

Councillor Andrew McHugh

Councillor Lesley McLean

Councillor Ian Middleton

Councillor Robert Parkinson

Councillor Lynne Parsons

Councillor Rob Pattenden

Councillor Chris Pruden

Councillor Edward Fraser Reeves

Councillor David Rogers

Councillor Alisa Russell

Councillor Les Sibley

Councillor Nigel Simpson

Councillor Dr Kerrie Thornhill

Councillor Dom Vaitkus

Councillor Linda Ward

Councillor Amanda Watkins

Councillor John Willett

Councillor Douglas Webb

Councillor Barry Wood

Councillor Sean Woodcock

Apologies for absence:

Councillor Grace Conway-Murray
Councillor Nick Cotter
Councillor Dr Isabel Creed
Councillor Andrew Crichton
Councillor Nicholas Mawer
Councillor Julian Nedelcu

Officers:

Gordon Stewart, Chief Executive
Ian Boll, Corporate Director Communities
Stephen Hinds, Corporate Director Resources and Transformation
Michael Furness, Assistant Director Finance & S151 Officer
Shiraz Sheikh, Assistant Director Law & Governance and Monitoring Officer
Joanne Kaye, Head of Finance and Deputy Section 151 Officer
Nicola Riley, Assistant Director Housing and Wellbeing
Lynsey Parkinson, Strategic Business Partner – Corporate
Natasha Clark, Governance and Elections Manager

52 **Declarations of Interest**

There were no declarations of interest.

53 **Communications**

Meeting Length and Etiquette

The Chairman referred to the email sent by the Monitoring Officer to all Members regarding budget setting at the Council meeting. It was the responsibility of all Members to ensure that the district council set a lawful budget at the meeting this evening.

The Chairman asked Councillors to be respectful of each other when addressing the meeting and out of courtesy, to remain in their seat during items. If necessary, the Chairman would adjourn the meeting to allow for a comfort break at a suitable point.

17 March Council meeting

The Chairman advised that the next scheduled Council meeting was on Monday 17 March. This meeting would include questions and motions. The submission deadlines were set out in the agenda.

All Member Briefing – Local Government Reform update

The Chairman reminded Members that a briefing on Local Government Reform was taking place the following day at 5.30pm.

Members' Pigeon Holes

Members were reminded to check their pigeon hole and take any post.

54 **Petitions and Requests to Address the Meeting**

There were no petitions or requests to address the meeting.

55 **Urgent Business**

There were no items of urgent business.

56 **Members' Allowance Scheme 2025/2026**

The Assistant Director Law and Governance and Monitoring Officer for Council to determine the levels of the allowances to be paid to Members for the forthcoming 2025/2026 financial year and proposed changes to the Members Allowance Scheme, following the consideration of the report of the Council's Independent Remuneration Panel.

Resolved

- (1) That, having given due consideration, the following levels of allowance be included in the 2025/2026 Members' Allowances Scheme:
 - That the Basic Allowance be increased in in line with the 2025/2026 staff pay award (3.5%), rounded up to give 12 equal payments from 1 April 2025.
 - That all Special Responsibility Allowances be increased in in line with the 2025/2026 staff pay award (3.5%), rounded up to give 12 equal payments from 1 April 2025.
 - That the co-optees allowance be increased in in line with the 2025/2026 staff pay award (3.5%), rounded up to give 12 equal payments from 1 April 2025.
 - That the Independent Persons allowance be increased in in line with the 2025/2026 staff pay award (3.5%), rounded up to give 12 equal payments from 1 April 2025.
 - That Dependents' Carers' and Childcare Allowances remain at the current level, are paid on the basis of the actual costs incurred up to the maximum hourly rate set out below and to a maximum cap of 40 hours per month, subject to production of receipts and cannot be paid to a member of the claimant's household:
 - Childcare: £10 per hour
 - Dependent Relative care - £20 per hour
 - That mileage remain at the current level in line with HMRC approved mileage rates, and if any adjustments are implemented by

HMRC then the revised rates should be applied to Members' travel allowances effective from the date of implementation by HMRC.

- That, having regard to the detailed review of staff subsistence, the rates for subsistence allowance be aligned with the revised maximum staff subsistence levels, with claims permitted on approved duties of over 5 hours outside the district* subject to the submission of receipts (*subsistence allowances cannot be claimed for any duties within the district as the basic allowance is deemed to cover all within district expenses).
 - Breakfast: £7.50
 - Lunch: £10.50
 - Tea / coffee: £4.00
 - Evening Meal: £12.50
 - That Democratic Services continue to book overnight accommodation if required.
 - That there be no change to the list of approved duties for which claims may be made.
 - That Non-Executive Director allowances be increased in line with the 2025/2026 staff pay award (3.5%), rounded up to give 12 equal payments from 1 April 2025 and costs recharged to the relevant company.
 - That an in-depth "root and branches" review of the Members' Allowance Scheme be undertaken with implementation to be determined when further information on local government reorganisation, devolution and the Cherwell boundary review is known.
- (2) That the Assistant Director Law and Governance be authorised to prepare an amended Members' Allowances Scheme, in accordance with the decisions of Council for implementation with effect from 1 April 2025.
- (3) That the Assistant Director of Law and Governance be authorised to take all necessary action to revoke the current (2024/2025) Scheme and to publicise the revised Scheme pursuant to The Local Authorities (Members' Allowances)(England) Regulations 2003 (as amended).
- (4) That the Independent Remuneration Panel be thanked for its report and a fee of £300 be set for each Panel Member for the work carried out on this review and it be agreed the level of fee be applied for any reviews carried out in 2025/2026 capped at a maximum of £1200 per person, which can be funded from existing budgets.

Budget 2025/2026 and Medium Term Financial Strategy (MTFS)

Prior to consideration of the item, the Chairman advised that the Conservative Group had proposed amendments to the budget which had been published as a supplement to the agenda. There were no amendments proposed by any other Political Group.

The Chairman explained that once the budget had been proposed and seconded, the Leader of the Conservative Group, Councillor Reeves, would respond to the budget and propose the Group's amendment. Once seconded, the amendment would be debated and voted on.

The Chairman reminded Members that the arrangements for debating the budget were set out in the meeting procedure rules. The proposer, when presenting the budget, and Group Leaders, when responding to the budget, may speak for up to 10 minutes. All other speakers had a three-minute time limit.

The Chairman further reminded Members that it was required in legislation that the vote on any motion on or amendment to the budget and council tax setting reports must be a recorded vote. This would be taken at the appropriate time.

The Assistant Director of Finance (Section 151 Officer) submitted a report for Council to consider and approve the Budget Setting for 2025/26 and MTFS 2029/30 as per the recommendations.

In introducing the report, the Portfolio Holder for Finance, Property and Regeneration, Councillor McLean, explained that the report was the culmination of the Budget and Business Planning process for 2025/26 to 2029/30 and sets out the Executive's proposed Corporate Plan and related revenue budget for 2025/26, medium term financial strategy to 2029/30, capital programme to 2029/30 and all supporting policies, strategies, and information being recommended to Council.

The Portfolio Holder for Finance, Property and Regeneration, Councillor McLean, paid tribute to the Assistant Director of Finance and the finance team for their hard work on the budget process.

Having presented the report, Councillor McLean proposed the recommendations. Councillor Hingley seconded the proposal.

Councillor Reeves, Leader of the Conservative Group, addressed Council in response to the budget and proposed the Group's amendments to the budget. Councillor Simpson seconded the amendment.

The amendment having been proposed and seconded was debated by Council. As required in legislation, a recorded vote on the amendment was taken. Members voted as follows:

Councillor Tom Beckett	For
Councillor Rebecca Biegel	For
Councillor Gordon Blakeway	For
Councillor Chris Brant	For
Councillor Besmira Brasha	For
Councillor John Broad	Against
Councillor Phil Chapman	For
Councillor Mark Cherry	For

Councillor Becky Clarke MBE	For
Councillor Jean Conway	For
Councillor Gemma Coton	For
Councillor Donna Ford	For
Councillor Ian Harwood	For
Councillor David Hingley	For
Councillor Matt Hodgson	For
Councillor Frank Ideh	For
Councillor Harry Knight	Abstain
Councillor Simon Lytton	For
Councillor Kieron Mallon	For
Councillor Fiona Mawson	For
Councillor Andrew McHugh	For
Councillor Lesley McLean	For
Councillor Ian Middleton	For
Councillor Dr Chukwudi Okeke	For
Councillor Rob Parkinson	For
Councillor Lynne Parsons	For
Councillor Rob Pattenden	For
Councillor Chris Pruden	For
Councillor Edward F Reeves	For
Councillor David Rogers	For
Councillor Alisa Russell	For
Councillor Les Sibley	For
Councillor Nigel Simpson	For
Councillor Dr Kerrie Thornhill	For
Councillor Dom Vaitkus	For
Councillor Dorothy Walker	For
Councillor Linda Ward	For
Councillor Amanda Watkins	For
Councillor Douglas Webb	For
Councillor John Willett	For
Councillor Barry Wood	For
Councillor Sean Woodcock	For

The vote on the amendment was carried with 40 votes in favour, 1 vote against and 1 abstention.

The Chairman reminded Members that the amendment having been agreed, it became the substantive motion and Council was debating the recommendations as amended.

Councillor Watkins, on behalf of the Labour Group, addressed Council in response to the budget.

Councillor Middleton, on behalf of the Green and Independent Alliance Group, address Council in response to the budget.

Councillor Sibley, on of behalf of the Independent Group, addressed Council in response to the budget.

The substantive motion having been debated, as required in legislation, a recorded vote was taken, and Members voted as follows

Councillor Tom Beckett	For
Councillor Rebecca Biegel	For
Councillor Gordon Blakeway	For
Councillor Chris Brant	For
Councillor Besmira Brasha	For
Councillor John Broad	For
Councillor Phil Chapman	For
Councillor Mark Cherry	For
Councillor Becky Clarke MBE	For
Councillor Jean Conway	For
Councillor Gemma Coton	For
Councillor Donna Ford	For
Councillor Ian Harwood	For
Councillor David Hingley	For
Councillor Matt Hodgson	For
Councillor Frank Ideh	For
Councillor Harry Knight	For
Councillor Simon Lytton	For
Councillor Kieron Mallon	For
Councillor Fiona Mawson	For
Councillor Andrew McHugh	For
Councillor Lesley McLean	For
Councillor Ian Middleton	For
Councillor Dr Chukwudi Okeke	For
Councillor Rob Parkinson	For
Councillor Lynne Parsons	For
Councillor Rob Pattenden	For
Councillor Chris Pruden	For
Councillor Edward F Reeves	For
Councillor David Rogers	For
Councillor Alisa Russell	For
Councillor Les Sibley	For
Councillor Nigel Simpson	For
Councillor Dr Kerrie Thornhill	For
Councillor Dom Vaitkus	For
Councillor Dorothy Walker	For
Councillor Linda Ward	For
Councillor Amanda Watkins	For
Councillor Douglas Webb	For
Councillor John Willett	For
Councillor Barry Wood	For
Councillor Sean Woodcock	For

The vote on the substantive motion was carried unanimously with all 42 councillors present voting in favour.

Resolved

- (1) That, having due regard, the statutory report of the Chief Finance Officer and the comments of the Chief Finance Officer in respect of the proposed amendments, be noted.
- (2) That, subject to the following amendment, with authority delegated to the Section 151 Officer to update the budget papers to reflect the amendment, the proposed Fees and Charges schedule for 2025/26 be approved and it be noted that statutory notices would be placed where required.
 - That the proposed increase of £6 in garden waste charges in 2025/26 be delayed by one year and this increase be applied in 2026/27 as well as other planned changes and it be noted that this will reduce income in 2025/26 by £0.143m.
- (3) That, having given due consideration, the Equality Impact Assessments of the Budget be noted.
- (4) That the Corporate Plan be approved and the Internal Perspectives be noted.
- (5) That, in relation to the Revenue Budget Strategy and Medium-Term Financial Strategy, the following net directorate budgets, as amended, be agreed, with authority delegated to the Section 151 Officer to update the budget papers to reflect the amendments.

Directorate	Net budget 2025/26 £m	Proposal £m	Revised Net Budget 2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Communities	12.120	0.339	12.459	(0.333)	(0.079)	(0.015)	(0.015)
Resources	7.528	0.00	7.528	(0.163)	(0.026)	(0.090)	(0.100)
Service Sub-total	19.650	0.337	19.985	(0.496)	(0.105)	(0.105)	(0.115)
Corporate Costs	3.926	(0.189)	3.737	1.889	1.163	1.314	0.324
Policy Contingency	2.620	(0.150)	2.470	0.611	0.799	0.799	0.799
Net Cost of Services	26.194	0.000	26.194	2.004	1.857	2.008	1.008
Funding	(26.194)	0.000	(26.194)	2.993	3.305	3.318	(0.071)
Funding Gap / (Surplus)	0.000	0.000	0.000	4.997	5.162	5.326	0.937

- (6) That, subject to the following amendments with authority delegated to the Section 151 Officer to amend the budget papers to reflect the amendments, the Medium-Term Financial Strategy and Revenue Budget 2025/2026, including Savings Proposals and Investments be approved:
 - To introduce the following service investments:

- Heating Hardship Fund of £0.100m to support pensioners who are struggling during the cost-of-living crisis
 - Additional Homelessness Prevention Support of £0.065m.
 - £0.051m to fund a Land Drainage Officer to provide additional flood support
 - To delay service investment DPD2504 – Conservation Areas by one year, reducing costs in 2025/2026 only, by £0.020m.
 - To remove the proposed investment in the Waste Collection Partnership Working Fund of £0.150m.
- (7) That an increase in the Basic Amount of Council Tax for Cherwell District Council for the financial year beginning on 1 April 2025 of £5, resulting in a Band D charge of £158.50 per annum, be agreed.
- (8) That it be agreed for long term empty properties, from 1 April 2025 an additional council tax premium will be charged of 100 per cent for properties empty for one year or more, replacing the current 100 per cent premium that begins after 2 years of a property being empty, and that all other empty property premiums will remain.
- (9) That it be noted that the Council Tax Base 2025/26 was determined at the Executive meeting held on 6 January 2025:
- a) for the whole Council area as 59,853.6 [item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (“the 1992 Act”)]; and
 - b) For dwellings in those parts of its area to which a Parish Precept relates, (annex to the Minutes as set out in the Minute Book)
- (10) That it be agreed the Council Tax requirement for the Council’s own purposes for 2025/26 (excluding Parish Precepts and Special Expenses) is £9,486,796.
- (11) That, subject to delegation to the Section 151 Officer to update the budget papers to reflect the agreed amendments to a) to reduce expenditure by £0.413m and b) to reduce income by £0.413m, the following amounts be calculated for the year 2025/26 in accordance with Sections 31 to 36 of the 1992 Act:
- a) £140,304,768 (subject to recalculation with a reduction of £0.413m) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the 1992 Act, taking into account all precepts issued to it by Parish Councils and any additional special expenses.
 - b) £124,192,690 (subject to recalculation with a reduction of £0.413m) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the 1992 Act.

- c) £16,112,078 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A (4) of the 1992 Act, as its Council Tax requirement for the year (Item R in the formula in Section 31B of the 1992 Act).
- d) £269.19 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the 1992 Act, as the basic amount of its Council Tax for the year (including Parish Precepts and Special Expenses).
- e) £6,625,282 being the aggregate amount of all special items (Parish Precepts and Special Expenses) referred to in Section 34(1) of the 1992 Act as set out in the annex to the Minutes as set out in the Minute Book.
- f) £158.50 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T(1(a) above), calculated by Cherwell District Council the Council, in accordance with Section 34(2) of the 1992 Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept or special item relates. 1.6.6 It be noted that for the year 2025/26 the Oxfordshire County Council and the Police and Crime Commissioner for Thames Valley have issued precepts to the Council, in accordance with Section 40 of the 1992 Act, for each category of dwellings in the Council's area as indicated below:

Valuation Band	Oxfordshire County Council	Police and Crime Commissioner for Thames Valley
	£	£
A	1,274.27	188.85
B	1,486.64	220.33
C	1,699.02	251.80
D	1,911.40	283.28
E	2,336.16	346.23
F	2,760.91	409.18
G	3,185.67	472.13
H	3,822.80	566.56

- (12) That the Council, in accordance with Sections 30 and 36 of the 1992 Act, hereby sets the amounts shown in the annex to the Minutes as set out in the Minute Book as the amounts of Council Tax for the year 2025/26 for each part of its area and for each of the categories of dwellings.

- (13) That the Council has determined that its relevant basic amount of Council Tax for 2025/26 is not excessive in accordance with principles approved under Section 52ZB of the 1992 Act.
- (14) That the Capital Bids and Capital Programme (annexes to the Minutes as set out in the Minute Book) be approved.
- (15) That the Capital and Investment Strategy 2025/26 (annex to the Minutes as set out in the Minute Book), including the Minimum Revenue Provision (MRP) Policy, be approved.
- (16) That the Treasury Management Strategy, including the Prudential Indicators, and Affordable Borrowing Limit for 2025/26 (annex to the Minutes as set out in the Minute Book) be approved.
- (17) That a minimum level of General Balances of £7.8m (as supported by the annex to the Minutes as set out in the Minute Book) be approved.
- (18) That the Reserves Policy ((annex to the Minutes as set out in the Minute Book)) be approved.
- (19) That, subject to the following amendment, with authority delegated to the Section 151 Officer to update the budget papers to reflect the amendment, the Medium-Term Reserves Plan ((annex to the Minutes as set out in the Minute Book) be approved:
 - Reduce the contribution to reserves by £0.189m
- (20) That the Pay Policy Statement, as required by the Localism Act 2010, be approved.

The meeting ended at 8.20 pm

Chairman:

Date:

2025/26	CALCULATIONS REQUIRED BY SECTIONS 31 to 36 OF THE LOCAL GOVERNMENT FINANCE ACT 1992							
	CALCULATIONS AT BAND D							
	TAX BASE 2025/26	PARISH PRECEPT 2025/26 £	2025/26					TOTAL COUNCIL TAX £
			PARISH NEEDS £	CHERWELL NEEDS £	PARISH & CHERWELL £	COUNTY BAND D £	POLICE BAND D £	
Adderbury	1,371.0	86,350.00	62.98	158.50	221.48	1,911.40	283.28	2,416.16
Ambrosden	863.3	36,500.00	42.28	158.50	200.78	1,911.40	283.28	2,395.46
Ardley	266.6	13,271.00	49.78	158.50	208.28	1,911.40	283.28	2,402.96
Arncott	318.1	17,000.00	53.44	158.50	211.94	1,911.40	283.28	2,406.62
Banbury	17,394.3	2,299,215.00	132.18	158.50	290.68	1,911.40	283.28	2,485.36
Barford	273.0	10,800.00	39.56	158.50	198.06	1,911.40	283.28	2,392.74
Begbroke	369.8	32,025.68	86.60	158.50	245.10	1,911.40	283.28	2,439.78
Bicester	13,439.4	1,872,967.62	139.36	158.50	297.86	1,911.40	283.28	2,492.54
Blackthorn	150.9	16,422.00	108.83	158.50	267.33	1,911.40	283.28	2,462.01
Bletchington	455.1	25,000.00	54.93	158.50	213.43	1,911.40	283.28	2,408.11
Bloxham	1,590.2	109,250.00	68.70	158.50	227.20	1,911.40	283.28	2,421.88
Bodicote	1,031.1	39,160.00	37.98	158.50	196.48	1,911.40	283.28	2,391.16
Bourton	353.7	16,486.00	46.61	158.50	205.11	1,911.40	283.28	2,399.79
Broughton	124.6	6,840.00	54.90	158.50	213.40	1,911.40	283.28	2,408.08
Bucknell	109.8	13,343.50	121.53	158.50	280.03	1,911.40	283.28	2,474.71
Caversfield	592.5	10,000.00	16.88	158.50	175.38	1,911.40	283.28	2,370.06
Charlton on Otmoor	200.6	11,000.00	54.84	158.50	213.34	1,911.40	283.28	2,408.02
Chesterton	464.3	63,320.00	136.38	158.50	294.88	1,911.40	283.28	2,489.56
Claydon	146.9	10,702.00	72.85	158.50	231.35	1,911.40	283.28	2,426.03
Cottisford	73.2	0.00	0.00	158.50	158.50	1,911.40	283.28	2,353.18
Cropredy	307.5	15,015.00	48.83	158.50	207.33	1,911.40	283.28	2,402.01
Deddington	1,075.8	76,783.00	71.37	158.50	229.87	1,911.40	283.28	2,424.55
Drayton	88.3	5,000.00	56.63	158.50	215.13	1,911.40	283.28	2,409.81
Duns Tew	243.7	22,000.00	90.27	158.50	248.77	1,911.40	283.28	2,443.45
Epwell	137.3	6,350.00	46.25	158.50	204.75	1,911.40	283.28	2,399.43
Fencot and Murcott	129.2	11,000.00	85.14	158.50	243.64	1,911.40	283.28	2,438.32
Finnmere	220.3	15,300.00	69.45	158.50	227.95	1,911.40	283.28	2,422.63
Fringford	267.0	16,492.00	61.77	158.50	220.27	1,911.40	283.28	2,414.95
Fritwell	299.8	8,100.00	27.02	158.50	185.52	1,911.40	283.28	2,380.20
Godington	21.0	0.00	0.00	158.50	158.50	1,911.40	283.28	2,353.18
Gosford and Water Eaton	552.6	81,174.00	146.89	158.50	305.39	1,911.40	283.28	2,500.07
Hampton Gay and Poyle	81.9	1,500.00	18.32	158.50	176.82	1,911.40	283.28	2,371.50
Hanwell	120.0	15,000.00	125.00	158.50	283.50	1,911.40	283.28	2,478.18
Hardwick with Tusmore	39.9	0.00	0.00	158.50	158.50	1,911.40	283.28	2,353.18
Hethe	118.3	10,250.00	86.64	158.50	245.14	1,911.40	283.28	2,439.82
Heyford Park	1,221.9	44,102.00	36.09	158.50	194.59	1,911.40	283.28	2,389.27
Hook Norton	1,079.8	85,000.00	78.72	158.50	237.22	1,911.40	283.28	2,431.90
Horley	161.3	8,400.00	52.08	158.50	210.58	1,911.40	283.28	2,405.26
Horton	169.8	18,108.00	106.64	158.50	265.14	1,911.40	283.28	2,459.82
Horton cum Studley	253.2	9,550.00	37.72	158.50	196.22	1,911.40	283.28	2,390.90
Islip	321.9	23,611.24	73.35	158.50	231.85	1,911.40	283.28	2,426.53
Kidlington	5,101.8	890,285.00	174.50	158.50	333.00	1,911.40	283.28	2,527.68
Kirtlington	459.4	39,687.50	86.39	158.50	244.89	1,911.40	283.28	2,439.57
Launton	620.1	51,592.00	83.20	158.50	241.70	1,911.40	283.28	2,436.38
Lower Heyford	221.6	10,120.00	45.67	158.50	204.17	1,911.40	283.28	2,398.85
Merton	147.3	21,500.00	145.96	158.50	304.46	1,911.40	283.28	2,499.14
Middle Aston	67.5	0.00	0.00	158.50	158.50	1,911.40	283.28	2,353.18
Middleton Stoney	153.1	10,000.00	65.32	158.50	223.82	1,911.40	283.28	2,418.50
Milcombe	282.3	15,600.00	55.26	158.50	213.76	1,911.40	283.28	2,408.44
Milton	88.6	500.00	5.64	158.50	164.14	1,911.40	283.28	2,358.82
Mixbury	119.1	3,000.00	25.19	158.50	183.69	1,911.40	283.28	2,378.37
Mollington	240.2	17,346.00	72.21	158.50	230.71	1,911.40	283.28	2,425.39
Newton Purcell	44.2	0.00	0.00	158.50	158.50	1,911.40	283.28	2,353.18
Noke	83.4	2,892.00	34.68	158.50	193.18	1,911.40	283.28	2,387.86
North Aston	98.9	450.00	4.55	158.50	163.05	1,911.40	283.28	2,357.73
North Newington	159.8	5,561.00	34.80	158.50	193.30	1,911.40	283.28	2,387.98
Oddington	63.2	0.00	0.00	158.50	158.50	1,911.40	283.28	2,353.18
Piddington	182.5	12,176.18	66.72	158.50	225.22	1,911.40	283.28	2,419.90
Prescote	5.6	0.00	0.00	158.50	158.50	1,911.40	283.28	2,353.18
Shenington	234.9	6,300.00	26.82	158.50	185.32	1,911.40	283.28	2,380.00
Shipton on Cherwell	156.7	8,809.46	56.22	158.50	214.72	1,911.40	283.28	2,409.40
Shutford	212.4	8,463.00	39.84	158.50	198.34	1,911.40	283.28	2,393.02
Sibford Ferris	198.5	10,395.00	52.37	158.50	210.87	1,911.40	283.28	2,405.55
Sibford Gower	254.0	9,450.00	37.20	158.50	195.70	1,911.40	283.28	2,390.38
Somerton	144.0	18,108.00	125.75	158.50	284.25	1,911.40	283.28	2,478.93
Souldern	210.0	8,154.00	38.83	158.50	197.33	1,911.40	283.28	2,392.01
South Newington	151.6	10,086.00	66.53	158.50	225.03	1,911.40	283.28	2,419.71
Steeple Aston	440.7	38,662.00	87.73	158.50	246.23	1,911.40	283.28	2,440.91
Stoke Lyne	109.3	5,728.85	52.41	158.50	210.91	1,911.40	283.28	2,405.59
Stratton Audley	219.2	12,743.00	58.13	158.50	216.63	1,911.40	283.28	2,411.31
Swalcliffe	112.0	9,896.00	88.36	158.50	246.86	1,911.40	283.28	2,441.54
Tadmorton	262.1	11,367.00	43.37	158.50	201.87	1,911.40	283.28	2,396.55
Upper Heyford	175.8	12,492.00	71.06	158.50	229.56	1,911.40	283.28	2,424.24
Wardington	246.7	13,234.00	53.64	158.50	212.14	1,911.40	283.28	2,406.82
Wendlebury	195.3	8,000.00	40.96	158.50	199.46	1,911.40	283.28	2,394.14
Weston on the Green	278.0	28,702.57	103.25	158.50	261.75	1,911.40	283.28	2,456.43
Wigginton	119.0	3,357.90	28.22	158.50	186.72	1,911.40	283.28	2,381.40
Wroxton	285.6	10,000.00	35.01	158.50	193.51	1,911.40	283.28	2,388.19
Yarnton	1,210.4	148,235.83	122.47	158.50	280.97	1,911.40	283.28	2,475.65
Total of special items	59,853.6	6,625,282.33	110.69	158.50	269.19	1,911.40	283.28	2,463.87

2025/26	TAX CALCULATED FOR EACH VALUATION BAND BY CHERWELL							
	VALUATION BAND AND APPROPRIATE PROPORTION							
	A 6/9 £	B 7/9 £	C 8/9 £	D 9/9 £	E 11/9 £	F 13/9 £	G 15/9 £	H 18/9 £
Adderbury	147.66	172.26	196.87	221.48	270.70	319.91	369.14	442.96
Ambrosden	133.86	156.16	178.47	200.78	245.40	290.01	334.64	401.56
Ardley	138.86	162.00	185.14	208.28	254.56	300.84	347.14	416.56
Arncott	141.30	164.84	188.39	211.94	259.04	306.13	353.24	423.88
Banbury	193.79	226.09	258.38	290.68	355.27	419.87	484.47	581.36
Barford	132.04	154.05	176.05	198.06	242.07	286.08	330.10	396.12
Begbroke	163.40	190.64	217.87	245.10	299.56	354.03	408.50	490.20
Bicester	198.58	231.67	264.77	297.86	364.05	430.24	496.44	595.72
Blackthorn	178.22	207.93	237.63	267.33	326.73	386.14	445.55	534.66
Bletchington	142.29	166.00	189.72	213.43	260.86	308.28	355.72	426.86
Bloxham	151.47	176.71	201.96	227.20	277.69	328.17	378.67	454.40
Bodicote	130.99	152.82	174.65	196.48	240.14	283.80	327.47	392.96
Bourton	136.74	159.53	182.32	205.11	250.69	296.27	341.85	410.22
Broughton	142.27	165.98	189.69	213.40	260.82	308.24	355.67	426.80
Bucknell	186.69	217.80	248.92	280.03	342.26	404.48	466.72	560.06
Caversfield	116.92	136.41	155.89	175.38	214.35	253.32	292.30	350.76
Charlton on Otmoor	142.23	165.93	189.64	213.34	260.75	308.15	355.57	426.68
Chesterton	196.59	229.35	262.12	294.88	360.41	425.93	491.47	589.76
Claydon	154.24	179.94	205.65	231.35	282.76	334.17	385.59	462.70
Cottisford	105.67	123.28	140.89	158.50	193.72	228.94	264.17	317.00
Cropredy	138.22	161.26	184.29	207.33	253.40	299.47	345.55	414.66
Deddington	153.25	178.79	204.33	229.87	280.95	332.03	383.12	459.74
Drayton	143.42	167.33	191.23	215.13	262.93	310.74	358.55	430.26
Duns Tew	165.85	193.49	221.13	248.77	304.05	359.33	414.62	497.54
Epwell	136.50	159.25	182.00	204.75	250.25	295.75	341.25	409.50
Fencot and Murcott	162.43	189.50	216.57	243.64	297.78	351.92	406.07	487.28
Finnere	151.97	177.30	202.62	227.95	278.60	329.26	379.92	455.90
Fringford	146.85	171.32	195.80	220.27	269.22	318.16	367.12	440.54
Fritwell	123.68	144.30	164.91	185.52	226.74	267.97	309.20	371.04
Godington	105.67	123.28	140.89	158.50	193.72	228.94	264.17	317.00
Gosford and Water Eaton	203.60	237.53	271.46	305.39	373.25	441.11	508.99	610.78
Hampton Gay and Poyle	117.88	137.53	157.17	176.82	216.11	255.40	294.70	353.64
Hanwell	189.00	220.50	252.00	283.50	346.50	409.50	472.50	567.00
Hardwick with Tusmore	105.67	123.28	140.89	158.50	193.72	228.94	264.17	317.00
Hethe	163.43	190.67	217.90	245.14	299.61	354.09	408.57	490.28
Heyford Park	129.73	151.35	172.97	194.59	237.83	281.07	324.32	389.18
Hook Norton	158.15	184.51	210.86	237.22	289.93	342.65	395.37	474.44
Horley	140.39	163.79	187.18	210.58	257.37	304.17	350.97	421.16
Hornton	176.76	206.22	235.68	265.14	324.06	382.98	441.90	530.28
Horton cum Studley	130.82	152.62	174.42	196.22	239.82	283.42	327.04	392.44
Islip	154.57	180.33	206.09	231.85	283.37	334.89	386.42	463.70
Kidlington	222.00	259.00	296.00	333.00	407.00	481.00	555.00	666.00
Kirtlington	163.26	190.47	217.68	244.89	299.31	353.73	408.15	489.78
Launton	161.14	187.99	214.85	241.70	295.41	349.12	402.84	483.40
Lower Heyford	136.12	158.80	181.49	204.17	249.54	294.91	340.29	408.34
Merton	202.98	236.80	270.63	304.46	372.12	439.77	507.44	608.92
Middle Aston	105.67	123.28	140.89	158.50	193.72	228.94	264.17	317.00
Middleton Stoney	149.22	174.08	198.95	223.82	273.56	323.29	373.04	447.64
Milcombe	142.51	166.26	190.01	213.76	261.26	308.76	356.27	427.52
Milton	109.43	127.67	145.90	164.14	200.61	237.09	273.57	328.28
Mixbury	122.46	142.87	163.28	183.69	224.51	265.33	306.15	367.38
Mollington	153.81	179.44	205.08	230.71	281.98	333.24	384.52	461.42
Newton Purcell	105.67	123.28	140.89	158.50	193.72	228.94	264.17	317.00
Noke	128.79	150.25	171.72	193.18	236.11	279.03	321.97	386.36
North Aston	108.70	126.82	144.93	163.05	199.28	235.51	271.75	326.10
North Newington	128.87	150.35	171.82	193.30	236.25	279.21	322.17	386.60
Oddington	105.67	123.28	140.89	158.50	193.72	228.94	264.17	317.00
Piddington	150.15	175.17	200.20	225.22	275.27	325.31	375.37	450.44
Prescote	105.67	123.28	140.89	158.50	193.72	228.94	264.17	317.00
Shenington	123.55	144.14	164.73	185.32	226.50	267.68	308.87	370.64
Shipton on Cherwell	143.15	167.01	190.86	214.72	262.43	310.15	357.87	429.44
Shutford	132.23	154.27	176.30	198.34	242.41	286.49	330.57	396.68
Sibford Ferris	140.58	164.01	187.44	210.87	257.73	304.59	351.45	421.74
Sibford Gower	130.47	152.21	173.96	195.70	239.19	282.67	326.17	391.40
Somerton	189.50	221.09	252.67	284.25	347.41	410.58	473.75	568.50
Souldern	131.56	153.48	175.41	197.33	241.18	285.03	328.89	394.66
South Newington	150.02	175.03	200.03	225.03	275.03	325.04	375.05	450.06
Steeple Aston	164.16	191.51	218.87	246.23	300.95	355.66	410.39	492.46
Stoke Lyne	140.61	164.04	187.48	210.91	257.78	304.64	351.52	421.82
Stratton Audley	144.42	168.49	192.56	216.63	264.77	312.91	361.05	433.26
Swalcliffe	164.58	192.00	219.43	246.86	301.72	356.57	411.44	493.72
Tadmarton	134.58	157.01	179.44	201.87	246.73	291.59	336.45	403.74
Upper Heyford	153.04	178.55	204.05	229.56	280.57	331.58	382.60	459.12
Wardington	141.43	165.00	188.57	212.14	259.28	306.42	353.57	424.28
Wendlebury	132.98	155.14	177.30	199.46	243.78	288.10	332.44	398.92
Weston on the Green	174.50	203.59	232.67	261.75	319.91	378.08	436.25	523.50
Wigginton	124.48	145.23	165.97	186.72	228.21	269.70	311.20	373.44
Wroxton	129.01	150.51	172.01	193.51	236.51	279.51	322.52	387.02
Yarnton	187.32	218.53	249.75	280.97	343.41	405.84	468.29	561.94

2025/26	COUNCIL TAX SETTING REQUIRED BY SECTION 30 OF THE 1992 ACT							
	COUNCIL TAX SET FOR EACH VALUATION BAND							
	VALUATION BAND AND APPROPRIATE PROPORTION							
	A 6/9 £	B 7/9 £	C 8/9 £	D 9/9 £	E 11/9 £	F 13/9 £	G 15/9 £	H 18/9 £
Adderbury	1,610.78	1,879.23	2,147.69	2,416.16	2,953.09	3,490.00	4,026.94	4,832.32
Ambrosden	1,596.98	1,863.13	2,129.29	2,395.46	2,927.79	3,460.10	3,992.44	4,790.92
Ardley	1,601.98	1,868.97	2,135.96	2,402.96	2,936.95	3,470.93	4,004.94	4,805.92
Arncott	1,604.42	1,871.81	2,139.21	2,406.62	2,941.43	3,476.22	4,011.04	4,813.24
Banbury	1,656.91	1,933.06	2,209.20	2,485.36	3,037.66	3,589.96	4,142.27	4,970.72
Barford	1,595.16	1,861.02	2,126.87	2,392.74	2,924.46	3,456.17	3,987.90	4,785.48
Begbroke	1,626.52	1,897.61	2,168.69	2,439.78	2,981.95	3,524.12	4,066.30	4,879.56
Bicester	1,661.70	1,938.64	2,215.59	2,492.54	3,046.44	3,600.33	4,154.24	4,985.08
Blackthorn	1,641.34	1,914.90	2,188.45	2,462.01	3,009.12	3,556.23	4,103.35	4,924.02
Bletchington	1,605.41	1,872.97	2,140.54	2,408.11	2,943.25	3,478.37	4,013.52	4,816.22
Bloxham	1,614.59	1,883.68	2,152.78	2,421.88	2,960.08	3,498.26	4,036.47	4,843.76
Bodicote	1,594.11	1,859.79	2,125.47	2,391.16	2,922.53	3,453.89	3,985.27	4,782.32
Bourton	1,599.86	1,866.50	2,133.14	2,399.79	2,933.08	3,466.36	3,999.65	4,799.58
Broughton	1,605.39	1,872.95	2,140.51	2,408.08	2,943.21	3,478.33	4,013.47	4,816.16
Bucknell	1,649.81	1,924.77	2,199.74	2,474.71	3,024.65	3,574.57	4,124.52	4,949.42
Caversfield	1,580.04	1,843.38	2,106.71	2,370.06	2,896.74	3,423.41	3,950.10	4,740.12
Charlton on Otmoor	1,605.35	1,872.90	2,140.46	2,408.02	2,943.14	3,478.24	4,013.37	4,816.04
Chesterton	1,659.71	1,936.32	2,212.94	2,489.56	3,042.80	3,596.02	4,149.27	4,979.12
Claydon	1,617.36	1,886.91	2,156.47	2,426.03	2,965.15	3,504.26	4,043.39	4,852.06
Cottisford	1,568.79	1,830.25	2,091.71	2,353.18	2,876.11	3,399.03	3,921.97	4,706.36
Cropredy	1,601.34	1,868.23	2,135.11	2,402.01	2,935.79	3,469.56	4,003.35	4,804.02
Deddington	1,616.37	1,885.76	2,155.15	2,424.55	2,963.34	3,502.12	4,040.92	4,849.10
Drayton	1,606.54	1,874.30	2,142.05	2,409.81	2,945.32	3,480.83	4,016.35	4,819.62
Duns Tew	1,628.97	1,900.46	2,171.95	2,443.45	2,986.44	3,529.42	4,072.42	4,886.90
Epwell	1,599.62	1,866.22	2,132.82	2,399.43	2,932.64	3,465.84	3,999.05	4,798.86
Fencot and Murcott	1,625.55	1,896.47	2,167.39	2,438.32	2,980.17	3,522.01	4,063.87	4,876.64
Finnere	1,615.09	1,884.27	2,153.44	2,422.63	2,960.99	3,499.35	4,037.72	4,845.26
Fringford	1,609.97	1,878.29	2,146.62	2,414.95	2,951.61	3,488.25	4,024.92	4,829.90
Fritwell	1,586.80	1,851.27	2,115.73	2,380.20	2,909.13	3,438.06	3,967.00	4,760.40
Godington	1,568.79	1,830.25	2,091.71	2,353.18	2,876.11	3,399.03	3,921.97	4,706.36
Gosford and Water Eaton	1,666.72	1,944.50	2,222.28	2,500.07	3,055.64	3,611.20	4,166.79	5,000.14
Hampton Gay and Poyle	1,581.00	1,844.50	2,107.99	2,371.50	2,898.50	3,425.49	3,952.50	4,743.00
Hanwell	1,652.12	1,927.47	2,202.82	2,478.18	3,028.89	3,579.59	4,130.30	4,956.36
Hardwick with Tusmore	1,568.79	1,830.25	2,091.71	2,353.18	2,876.11	3,399.03	3,921.97	4,706.36
Hethe	1,626.55	1,897.64	2,168.72	2,439.82	2,982.00	3,524.18	4,066.37	4,879.64
Heyford Park	1,592.85	1,858.32	2,123.79	2,389.27	2,920.22	3,451.16	3,982.12	4,778.54
Hook Norton	1,621.27	1,891.48	2,161.68	2,431.90	2,972.32	3,512.74	4,053.17	4,863.80
Horley	1,603.51	1,870.76	2,138.00	2,405.26	2,939.76	3,474.26	4,008.77	4,810.52
Hornton	1,639.88	1,913.19	2,186.50	2,459.82	3,006.45	3,553.07	4,099.70	4,919.64
Horton cum Studley	1,593.94	1,859.59	2,125.24	2,390.90	2,922.21	3,453.51	3,984.84	4,781.80
Islip	1,617.69	1,887.30	2,156.91	2,426.53	2,965.76	3,504.98	4,044.22	4,853.06
Kidlington	1,685.12	1,965.97	2,246.82	2,527.68	3,089.39	3,651.09	4,212.80	5,055.36
Kirtlington	1,626.38	1,897.44	2,168.50	2,439.57	2,981.70	3,523.82	4,065.95	4,879.14
Launton	1,624.26	1,894.96	2,165.67	2,436.38	2,977.80	3,519.21	4,060.64	4,872.76
Lower Heyford	1,599.24	1,865.77	2,132.31	2,398.85	2,931.93	3,465.00	3,998.09	4,797.70
Merton	1,666.10	1,943.77	2,221.45	2,499.14	3,054.51	3,609.86	4,165.24	4,998.28
Middle Aston	1,568.79	1,830.25	2,091.71	2,353.18	2,876.11	3,399.03	3,921.97	4,706.36
Middleton Stoney	1,612.34	1,881.05	2,149.77	2,418.50	2,955.95	3,493.38	4,030.84	4,837.00
Milcombe	1,605.63	1,873.23	2,140.83	2,408.44	2,943.65	3,478.85	4,014.07	4,816.88
Milton	1,572.55	1,834.64	2,096.72	2,358.82	2,883.00	3,407.18	3,931.37	4,717.64
Mixbury	1,585.58	1,849.84	2,114.10	2,378.37	2,906.90	3,435.42	3,963.95	4,756.74
Mollington	1,616.93	1,886.41	2,155.90	2,425.39	2,964.37	3,503.33	4,042.32	4,850.78
Newton Purcell	1,568.79	1,830.25	2,091.71	2,353.18	2,876.11	3,399.03	3,921.97	4,706.36
Noke	1,591.91	1,857.22	2,122.54	2,387.86	2,918.50	3,449.12	3,979.77	4,775.72
North Aston	1,571.82	1,833.79	2,095.75	2,357.73	2,881.67	3,405.60	3,929.55	4,715.46
North Newington	1,591.99	1,857.32	2,122.64	2,387.98	2,918.64	3,449.30	3,979.97	4,775.96
Oddington	1,568.79	1,830.25	2,091.71	2,353.18	2,876.11	3,399.03	3,921.97	4,706.36
Piddington	1,613.27	1,882.14	2,151.02	2,419.90	2,957.66	3,495.40	4,033.17	4,839.80
Prescote	1,568.79	1,830.25	2,091.71	2,353.18	2,876.11	3,399.03	3,921.97	4,706.36
Shenington	1,586.67	1,851.11	2,115.55	2,380.00	2,908.89	3,437.77	3,966.67	4,760.00
Shipton on Cherwell	1,606.27	1,873.98	2,141.68	2,409.40	2,944.82	3,480.24	4,015.67	4,818.80
Shutford	1,595.35	1,861.24	2,127.12	2,393.02	2,924.80	3,456.58	3,988.37	4,786.04
Sibford Ferris	1,603.70	1,870.98	2,138.26	2,405.55	2,940.12	3,474.68	4,009.25	4,811.10
Sibford Gower	1,593.59	1,859.18	2,124.78	2,390.38	2,921.58	3,452.76	3,983.97	4,780.76
Somerton	1,652.62	1,928.06	2,203.49	2,478.93	3,029.80	3,580.67	4,131.55	4,957.86
Souldern	1,594.68	1,860.45	2,126.23	2,392.01	2,923.57	3,455.12	3,986.69	4,784.02
South Newington	1,613.14	1,882.00	2,150.85	2,419.71	2,957.42	3,495.13	4,032.85	4,839.42
Steeple Aston	1,627.28	1,898.48	2,169.69	2,440.91	2,983.34	3,525.75	4,068.19	4,881.82
Stoke Lyne	1,603.73	1,871.01	2,138.30	2,405.59	2,940.17	3,474.73	4,009.32	4,811.18
Stratton Audley	1,607.54	1,875.46	2,143.38	2,411.31	2,947.16	3,483.00	4,018.85	4,822.62
Swalcliffe	1,627.70	1,898.97	2,170.25	2,441.54	2,984.11	3,526.66	4,069.24	4,883.08
Tadmarton	1,597.70	1,863.98	2,130.26	2,396.55	2,929.12	3,461.68	3,994.25	4,793.10
Upper Heyford	1,616.16	1,885.52	2,154.87	2,424.24	2,962.96	3,501.67	4,040.40	4,848.48
Wardington	1,604.55	1,871.97	2,139.39	2,406.82	2,941.67	3,476.51	4,011.37	4,813.64
Wendlebury	1,596.10	1,862.11	2,128.12	2,394.14	2,926.17	3,458.19	3,990.24	4,788.28
Weston on the Green	1,637.62	1,910.56	2,183.49	2,456.43	3,002.30	3,548.17	4,094.05	4,912.86
Wigginton	1,587.60	1,852.20	2,116.79	2,381.40	2,910.60	3,439.79	3,969.00	4,762.80
Wroxton	1,592.13	1,857.48	2,122.83	2,388.19	2,918.90	3,449.60	3,980.32	4,776.38
Yarnton	1,650.44	1,925.50	2,200.57	2,475.65	3,025.80	3,575.93	4,126.09	4,951.30

Directorate	Service	Funding Source	Statagic Priority	Detail	Expenditure (£m)							Total
					2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Future Years	
					£m	£m	£m	£m	£m	£m	£m	
Resources - Capital	ICT - Capital Borrowing	Running the Business	ESRI Software Upgrade		0.030							0.030
Grand Total					-	0.030	-	-	-	-	-	0.030

Strategic Priority	Expenditure (£m)						Total Expenditure	Financing (£m)						Total Financing	Total Borrowing (£m)
	2025/26	2026/27	2027/28	2028/29	2029/30	Future Years		2025/26	2026/27	2027/28	2028/29	2029/30	Future Years		
Community Leadership	0.920	1.679	1.154	0.000	0.000	0.000	3.753	(0.841)	(1.568)	(1.154)	0.000	0.000	0.000	(3.563)	0.190
Running the Business	4.365	0.000	0.000	0.000	0.000	0.000	4.365	(5.896)	0.000	0.000	0.000	0.000	0.000	(5.896)	(1.531)
Environmental Stewardship	1.431	1.191	1.191	1.191	1.066	0.000	6.072	0.000	0.000	0.000	0.000	0.000	0.000	0.000	6.072
Economic Prosperity	1.283	3.803	0.448	0.448	0.000	4.189	10.172	(0.796)	(3.335)	0.000	0.000	0.000	0.000	(4.131)	6.041
Quality Housing and Place Making	2.198	1.689	1.689	1.539	1.539	0.000	8.654	(1.723)	(1.539)	(1.539)	(1.539)	(1.539)	0.000	(7.879)	0.775
Total Capital Programme	10.197	8.363	4.483	3.179	2.605	4.189	33.016	(9.256)	(6.442)	(2.693)	(1.539)	(1.539)	0.000	(21.469)	11.547

Service	Project	Strategic Priority	Expenditure (£m)						Total Expenditure	Financing (£m)						Total Financing	Total Borrowing (£m)
			2025/26	2026/27	2027/28	2028/29	2029/30	Future Years		2025/26	2026/27	2027/28	2028/29	2029/30	Future Years		
	Burnehyll- Bicester Country Park	Community Leadership	0.114						0.114							0.000	0.114
	Depot Fuel System Renewal	Running the Business	0.035						0.035							0.000	0.035
	Investing in Additional commercial waste containers	Environmental Stewardship	0.025						0.025							0.000	0.025
	Kidlington Public Convenience Refurbishment	Environmental Stewardship	0.090						0.090							0.000	0.090
	Landscape Software Upgrade	Running the Business	0.025						0.025							0.000	0.025
	Net Zero Capital Projects (Business Cases Required)	Environmental Stewardship	0.250	0.125	0.125	0.125			0.625							0.000	0.625
	Upgrade of Street Cleansing IT System	Running the Business	0.025						0.025							0.000	0.025
	Vehicle Replacement Programme	Environmental Stewardship	1.066	1.066	1.066	1.066	1.066		5.332							0.000	5.332
Environmental - Capital Total			1.630	1.191	1.191	1.191	1.066		6.271							0.000	6.271
	East West Railways	Economic Prosperity	0.039	0.020				4.189	4.248							0.000	4.248
	UK Shared Prosperity Fund (UK SPF) Year Two Investment Plan Programme	Economic Prosperity	0.076						0.076	(0.076)						(0.076)	0.000
Growth & Economy - Capital Total			0.115	0.020				4.189	4.324	(0.076)						(0.076)	4.248
	Bicester Leisure Centre Extension	Community Leadership		0.079					0.079							0.000	0.079
	Discretionary Grants Domestic Properties	Quality Housing and Place Making	0.150	0.150	0.150				0.450							0.000	0.450
	Graven Hill Community and Infrastructure Projects	Community Leadership							0.000	(0.080)						(0.080)	(0.080)
	Longford Park Art	Community Leadership	0.045						0.045							0.000	0.045
	S106 - Ambrosden Outdoor Sports	Community Leadership	0.130						0.130	(0.130)						(0.130)	0.000
	S106 - Bicester Leisure Centre Extension	Community Leadership			1.154				1.154			(1.154)				(1.154)	0.000
	S106 - Hook Norton Sport And Social Club Project	Community Leadership	0.080						0.080	(0.080)						(0.080)	0.000
	S106 - Horley Cricket Club Pavilion Project	Community Leadership	0.110						0.110	(0.110)						(0.110)	0.000
	S106 - Kidlington & Gosford Leisure Centre	Community Leadership	0.020						0.020	(0.020)						(0.020)	0.000
	S106 - Milton Road Community Facility and Sports Pitch Project	Community Leadership	0.371						0.371	(0.371)						(0.371)	0.000
	S106 - The Hill Improvements Project	Community Leadership	0.050						0.050	(0.050)						(0.050)	0.000
	Disabled Facilities Grants*	Quality Housing and Place Making	1.723	1.539	1.539	1.539	1.539		7.879	(1.723)	(1.539)	(1.539)	(1.539)	(1.539)		(7.879)	0.000
	NOA 3G Pitch Development**	Community Leadership	0.000	1.600					1.600	0.000	(1.568)					(1.568)	0.032
Wellbeing & Housing - Capital Total			2.679	3.368	2.843	1.539	1.539		11.968	(2.564)	(3.107)	(2.693)	(1.539)	(1.539)		(11.442)	0.526
Communities - Capital Total			4.424	4.579	4.034	2.730	2.605	4.189	22.563	(2.640)	(3.107)	(2.693)	(1.539)	(1.539)		(11.518)	11.045
	Council Website & Digital Service	Running the Business	0.122						0.122							0.000	0.122
	Digital Futures Programme (Business Cases Required)	Running the Business	0.217						0.217							0.000	0.217
	ESRI Software Upgrade	Running the Business	0.030						0.030							0.000	0.030
	Robotic Process Automation (RPA)	Running the Business	0.037						0.037							0.000	0.037
ICT - Capital Total			0.406						0.406							0.000	0.406
	Bicester Depot Building	Running the Business	3.874						3.874	(0.750)						(0.750)	3.124
	Castle Quay	Economic Prosperity	0.448	0.448	0.448	0.448			1.793							0.000	1.793
	Council Office Relocation and Development	Running the Business							0.000	(5.146)						(5.146)	(5.146)
	Fairway Flats Refurbishment	Quality Housing and Place Making	0.325						0.325							0.000	0.325
	Transforming Bicester Market Square	Economic Prosperity	0.720	3.335					4.055	(0.720)	(3.335)					(4.055)	0.000
Property - Capital Total			5.367	3.783	0.448	0.448			10.047	(6.616)	(3.335)					(9.951)	0.096
Resources - Capital Total			5.773	3.783	0.448	0.448			10.453	(6.616)	(3.335)					(9.951)	0.502
Grand Total			10.197	8.363	4.483	3.179	2.605	4.189	33.016	(9.256)	(6.442)	(2.693)	(1.539)	(1.539)		(21.469)	11.547

* DFG budget subject to confirmation of funding allocations by the Department of Levelling Up, Housing and Communities (DLUHC)

** North Oxfordshire Academy 3G pitch subject to the receipt of external funding before the project can commence

Cherwell District Council - Capital Programme 2025-2030
Pipelined Projects (subject to business cases and receipt of external funding)

Appendix 18

Project		Strategic Priority	Expenditure (£m)						Total Expenditure	Financing (£m)						Total Borrowing (£m)
			2025/26	2026/27	2027/28	2028/29	2029/30	Future Years		2025/26	2026/27	2027/28	2028/29	2029/30	Future Years	
	Development of new Learner Pool at Bicester Leisure Centre	Community Leadership			3.994			3.994			(3.994)			(3.994)	0.000	
	Development of BMX Pump Track	Community Leadership			0.200			0.200			(0.200)			(0.200)	0.000	
Total Pipelined Projects			0.000	0.000	4.194	0.000	0.000	0.000	4.194	0.000	0.000	(4.194)	0.000	0.000	(4.194)	0.000

CAPITAL AND INVESTMENT STRATEGY 2025/2026



Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

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A. Capital Strategy

A1. Introduction

As part of its annual budgeting cycle, Cherwell District Council proposes a capital programme that sets out the capital expenditure that is expected to take place over the next 5 years. The programme is a series of projects undertaken by service departments for which there has been an identified business need.

Capital expenditure is money spent on acquiring and enhancing non-current assets that are used in the delivery of services and providing economic benefits to the council and its residents.

The council has had, and continues to put forward, an ambitious programme that seeks to deliver on its key corporate priorities as detailed in the 2025-26 Business plan, namely:

- Economic prosperity
- Community leadership
- Environmental stewardship
- Quality housing and place making

The council also incurs capital costs to facilitate the delivery of its support services and smooth running of council functions.

To ensure that the council can deliver upon these priorities, a medium to long-term view is taken of planned capital expenditure to ensure that the programme is prudent, affordable, sustainable, and deliverable.

Owing to the nature of capital spend, there are financial and non-financial factors that need to be evaluated and monitored to ensure council stakeholders and decision makers are kept fully informed, in line with the CIPFA Prudential Code for Capital Finance.

The Prudential Code for Capital Finance sets out that to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy. The capital strategy should set out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. The Strategy must be approved by Full Council.

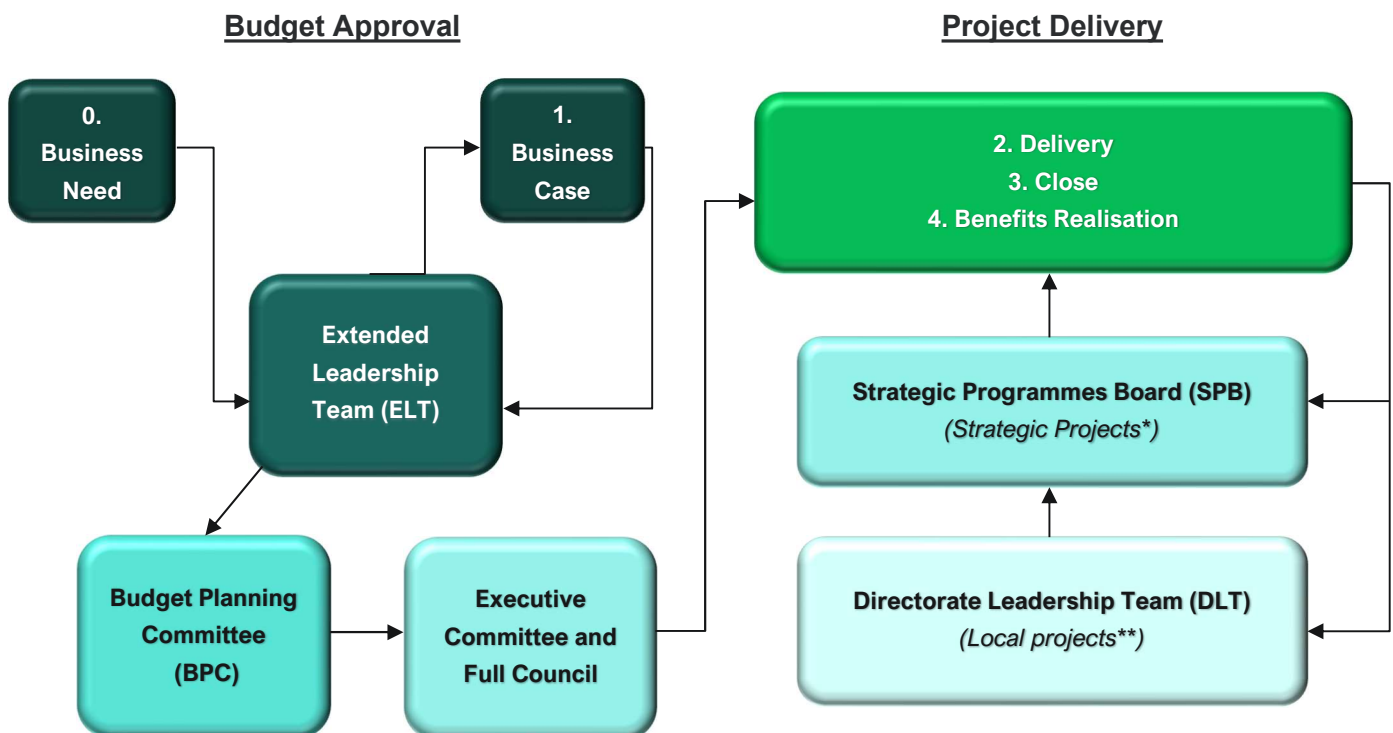
A2. Capital Planning and Project Governance

Starting in the Spring of each new budget cycle for the next financial year, service managers are tasked with conceptualising and developing capital proposals that are linked to corporate or service priorities as part of the Budget & Business Planning process.

For the 2025/26 financial year, the council is adopting an enhanced project framework that seeks to provide improved governance and accountability for capital projects. It is expected that the framework will help to better define and manage the outputs, outcomes and benefits from projects within the capital programme. The framework will complement the capital budget setting process and will help the council to exert effective decision making to manage the financial and technical elements of projects.

In prior years, the Strategic Place Shaping, Transformation and Strategic Programme Boards provided oversight and scrutiny for the capital budget process. Whilst projects are encouraged to be brought to these boards initially, for 2025/26, responsibility for reviewing and progressing capital proposals has transferred to the Extended Leadership Team (ELT), with recommendations considered by the Corporate Leadership Team (CLT) alongside the Budget Planning Committee. Approval of capital projects and the capital programme is made by Full Council. Capital projects may occasionally be approved outside of the annual budget cycle in line with the Council's Financial Regulations but are subject to the same level of scrutiny and appraisal by ELT and CLT.

Diagram A2.1: Capital Project Governance Framework

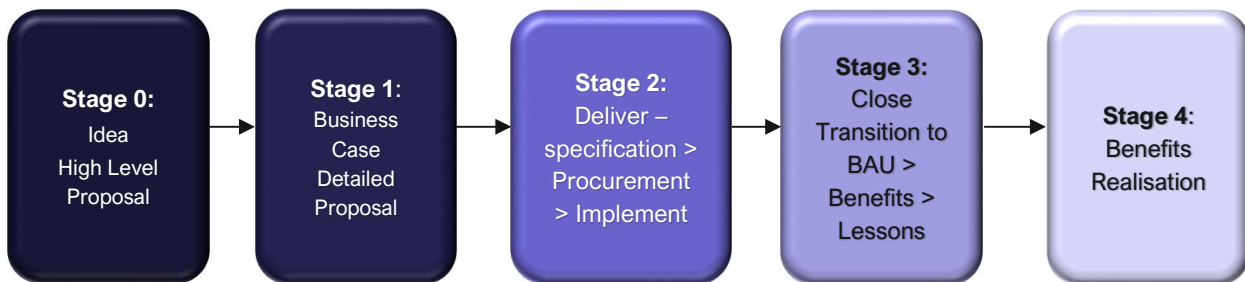


***Strategic Projects** are those that are identified to be key to achieving a strategic objective or be underpinned by significant financial investment or result in a change on a significant number of customers and/or staff. A project board will be responsible for appropriate project governance to oversee, ensure and support successful delivery.

****Local Projects** are important to achieving the Council's strategic objectives, but carry less risk and therefore, responsibility for project governance and oversight will be within the directorate and relevant service area.

The capital process has five stages which are depicted in the diagram below:

Diagram A2.2: Capital Process



Stage 0 - Business Need – High Level Proposal

Capital proposals first and foremost, must have a demonstrable business need. Officers must put forward rationale for why undertaking a project is necessary, including the corporate priorities it aligns with and a high-level budget outline, estimating both capital and revenue impact and any identified sources of capital funding. Bids are first considered by the Directorate Leadership Team level (DLT) and then discussed at the Executive Leadership Team (ELT) meeting, which takes a decision on progression of the scheme to stage 1.

Stage 1 - Business Case: Detailed Proposal

Progression through stage 1 requires the development of a more detailed business case which should include options for the scheme, ensuring that the council can deliver projects that offer value for money. The business case will include information that will assist officers in appraising the project. Within each option, an analysis of the benefits and drawbacks must be provided, alongside a summary of key risks, a project timeline and more detailed budget proposal. The business case must discuss carbon and climate impact, and any stakeholder engagement. ELT will consider business cases and provide feedback to officers, with recommendations made on progression of the project to stage 2. subject to consultation and formal approval by the Executive and Full Council. If the business case requires further work, the project may be paused and reworked for discussion at a future ELT, or postponed. As part of stage 1, finance officers conduct a review of the affordability of the project and prepare revenue budget figures for inclusion in the Medium-Term Financial Strategy (MTFS).

Projects proposed to be included in the Council's capital programme are consulted on externally via public consultation and appraised by the Budget Planning Committee which provides comments to the Executive on the proposals. The Executive then, taking into consideration any comments, propose which schemes to include in the Capital Programme ahead of the final capital programme being presented to Council in February each year. Once approved by Full Council, budgets are uploaded to the financial system and project officers can commence work on the approved schemes.

Stage 2 – Delivery

Approved projects in the capital programme are overseen by project managers that are responsible for delivering projects on time and within budget. This responsibility extends to risk management and escalation of issues to ensure that projects remain on track. Project managers are required to report progress and escalate issues through the Strategic Programmes Board for Strategic level projects, and the Directorate Leadership Team for Local Projects. All capital projects and programmes are reviewed monthly as part of routine budget management, which provides an opportunity to review project costs against budget and escalate potential areas of concern with senior management. The outputs from routine budget

management processes feed into the Finance Capital reporting to the Executive, this reporting includes narrative which provides non-financial updates on capital projects.

Stage 3 – Close

When the project has delivered the expected outputs, the project can be closed. At stage 3, the project manager will produce a project closure report that includes a summary of delivery and outputs, a benefits realisation plan, lessons learnt and agreed outstanding actions. The project closure report will be presented to the relevant governance board/group to gain approval to close the project.

Stage 4 - Benefits Realisation

Stage 4 covers benefits realisation. In some cases, projects deliver benefits that can only be measured post closure of the project, the details of which are included in the benefits realisation plan produced at stage 3.

A3. Capital Expenditure

Regulations

Local Authorities operate under a capital prudential framework and under a statutory legal environment through the Local Government Act 2003.

Expenditure can only be capitalised (i.e., recorded as an asset on the Council's balance sheet) under these regulations, if the spend is incurred in:

- Acquiring, constructing, or enhancing physical or intangible assets, such as land, buildings, plant, vehicles, and equipment
- Acquiring share capital in a third party
- Advancing a loan to a third party that would be for capital purposes if incurred by the council
- Granting of funds to a third party which is to be used for a capital purpose
- Purchasing or enhancing assets from which the council does not have the legal right to economic or service benefits from but would otherwise be capital if the council had those rights (Revenue Expenditure Funded by Capital Under Statute).

As part of the capital governance and approval process outlined in section A2, projects are appraised on whether proposed expenditure falls into the above categories. Proposed expenditure that does not meet capitalisation regulations as determined by the Capital Accountant and/or S151 Officer, is then considered as a potential revenue pressure as part of the revenue budget setting process.

Expenditure on assets that are capital in nature and in the same class, but do not aggregately meet the council's capital de minimis threshold of £10,000, are normally charged as a revenue expense.

Occasionally the council may be required to capitalise expenditure below this threshold in order to comply with grant conditions.

Project officers are provided with guidance that outlines the requirement for expenditure being treated as capital. The below table demonstrates how the council typically treats expenditure that are related to capital projects:

Table A3.1: Accounting Treatment of Project Expenditure*

Expenditure Type	Accounting Treatment
Feasibility Studies	Revenue Expense
Options Appraisal	Revenue Expense - expenditure incurred on the option that is proceeded with <i>may</i> be capitalised e.g., if three options are appraised, 1/3 of the cost may be capitalised
Internal Staff Costs	Revenue unless a <u>direct contribution</u> is made to the progressing of the creation, acquisition, or enhancement of an asset. Officers are <u>required</u> to complete a monthly timesheet signed by a manager or Assistant Director.
Interest Costs on Prudential Borrowing	Revenue Expense
Design, Architect and Engineer Costs	Capital Expense
Contractors Costs	Capital Expense
Legal Fees	Capital Expense (except in relation to conveying the sale of an asset)

**This is not an exhaustive list of expenditure types*

It is therefore vital that project officers correctly classify spend for revenue and capital purposes to avoid unforeseen budget pressures. Aborted projects which no longer meet capitalisation requirements are subsequently charged to revenue.

Capital Programme

The council has a sizeable capital budget with committed spend of £30m across the programme. Projects already in the existing capital programme, prior to the inclusion of 2025/26 proposals, include:

- Transforming Bicester Market Square - £4m
- S106 Community Infrastructure Projects across the District - £3.5m
- Construction of a New Waste Services Depot - £3.9m
- Vehicle Replacement Programme - £5.3m
- Development of Castle Quay - £1.8m

All projects exist to further the Council's delivery against its corporate objectives or to improve service delivery and council operations. A summary of planned capital spend in accordance with the corporate objectives is outlined in table A3.2 below:

Table A3.2: Capital Programme across Corporate Priorities in £m

Corporate Priority	2023/24 Actual	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Community Leadership	2.3	2.5	0.9	1.7	1.2	0.0
Running the Business	0.5	5.9	4.4	0.0	0.0	0.0
Environmental Stewardship	3.8	1.7	1.4	1.2	1.2	1.2
Quality Housing and Place Making	14.8	5.3	2.2	1.7	1.7	1.5
Economic Prosperity	0.4	1.8	1.3	3.8	0.4	0.4
Total Capital Expenditure*	21.8	17.2	10.2	8.4	4.5	3.2

**Not including pipeline projects for which funding has not yet been received*

As part of the 2025/26 budget setting process, Full Council is requested to approve additions to the capital programme to further progress against corporate objectives. For 2025/26 one project is proposed to be added to the programme:

£0.030m of Spatial Software Upgrades

The council also has projects in the pipeline which are being planned, but for which capital funding has not yet been fully identified or received.

This includes the development of a New Learner Pool at Bicester Leisure Centre (£5.2m) and the BMX Pump Track (£0.2m). It is expected that future S106 receipts will be received to fully fund these projects and enable progress to stage 2. These items are included in the capital programme but are not able to proceed until all funding has been identified for them.

Statement on Leases and IFRS 16

As at the time of publication, the council is finalising its review of assets it has the right to use as a lessee as part of adopting International Financial Reporting Standard 16 (IFRS 16), which became mandatory in the 2024/25 financial year.

Under IFRS 16, all assets the council leases need to be brought on balance sheet unless they are of low value (the asset value is less than £10,000 over the term) or short-term in nature (less than 1 year in duration). The impact of this is that assets previously assessed as being an operating lease (revenue expenditure) under IAS17 become capital expenditure, and therefore transition from revenue into the Council's capital plans.

Practically, for existing leases identified within the revenue account that need to be brought on balance sheet, the revenue rental payments move from the service area's budget to the Council's corporate capital financing revenue budget. Payments are then split between interest (which may be implicit in the lease) and MRP (see A4 and Annex A) which acts as the financing of the principal balance of the lease. The resultant revenue impact of reclassification from revenue to capital is therefore nil.

The assessment made by finance officers on leases to date is that no material impact is expected on the Council's capital financing position. However, should any leases be identified as having a material impact on capital financing, revised prudential indicators will be published as part of the Council's Treasury Management reporting.

A4. Capital Financing and Affordability

Financing the Capital Programme

Capital expenditure included in the capital programme is financed from various sources – these sources can either be external (from third party contributions such as grants and Section 106 contributions) or internal (making use of reserves and capital receipts). Borrowing may be used as a temporary source of finance – as such the council may borrow externally within the prudential framework to acquire and enhance assets, including lease arrangements under IFRS16. Alternatively, it can borrow internally, making use of cash balances it holds in advance of expenditure to temporarily finance its capital spend. Internal borrowing is usually the preferred route - where possible - as interest payable on external borrowing is typically higher than interest receivable on surplus cash balances. A reduction in interest receivable will therefore be outweighed by the cost avoidance benefit in not borrowing externally. More information on this can be found in the Council's Treasury Management Strategy.

Borrowing results in an increase to the Council's Capital Financing Requirement (CFR) which needs to be carefully managed. Table A4.1 shows the expected use of receipts and the effects on the council's need to utilise borrowing as a temporary source of finance:

Table A4.1: Sources of Capital Finance

<i>Financing Source</i>	2023/24 Actual	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Capital Expenditure	21.8	17.2	10.2	8.4	4.5	3.2
Capital Receipts	(15.1)	(0.4)	(5.9)	0.0	0.0	0.0
Grants	(4.8)	(2.0)	(2.5)	(4.9)	(1.5)	(1.5)
S106 Grants	(0.4)	(2.0)	(0.8)	(1.6)	(1.2)	0.0
Donated Assets	(1.0)	0.0	0.0	0.0	0.0	0.0
Total Financing	(21.3)	(4.4)	(9.3)	(6.4)	(2.7)	(1.5)
Increase/(Decrease) in CFR (before MRP)	0.4	12.7	0.9	1.9	1.8	1.6

**Figures may not match between tables due to rounding.*

Capital receipts are a permanent source of finance i.e., it is funding the council controls and does not have to repay. Capital receipts typically arise from the disposal of a non-current asset. Examples of capital receipts include:

- Proceeds from the sale of land or a building
- Repayment of a capital loan from a borrowing entity
- Disposal of a financial interest in a capital asset, such as a re-sale covenant on a house

Once received, capital receipts can be used to finance new capital expenditure or applied to existing expenditure to reduce the council's need to borrow. The council's default position is to apply capital receipts arising from disposal of assets to the Capital Adjustment Account to reduce debt in the year of receipt. This reduces the Council's need to borrow and corresponding financing costs, which helps to reduce the capital financing burden on the taxpayer. This does not prevent the council from introducing new capital proposals but does ensure that the financial implications of each proposal are fully considered and understood. Application of capital receipts falls under the delegation of the S151 Officer as per the Council's Reserves Policy. Capital receipts may also be used to fund certain revenue costs that deliver ongoing savings or efficiencies under the flexible use of capital receipts direction as laid out by the Ministry of Housing, Communities and Local Government. The council does not currently have plans to use this flexibility, however if the S151 officer feels there would be a benefit to using this direction then a proposed strategy will be brought to Full Council to approve in line with the guidance.

Capital grants are generally received for a specific expenditure purpose and are recognised as a council resource when reasonable assurance has been received that the council will meet any conditions attached to the use of the funds. Capital grants are used for financing in the financial year the spend is incurred, with unspent balances transferred to capital reserves which can be used to finance spend in future years.

To finance capital expenditure that has no permanent source of finance such as capital receipts or grants, and that has utilised borrowing as a temporary source of finance, revenue resource must be provided for over the lifetime of the underlying asset or enhancement made. This is known as the Minimum Revenue Provision (MRP) and is a statutory requirement for councils that have utilised prudential borrowing. MRP is provided for annually and acts to reduce the council's need to borrow money, i.e., its CFR. The MRP charge must demonstrate prudence and be made with due regard to statutory guidance published by central government. The Council's MRP statement can be found in Annex A to this document. The Council's MRP forecast is outlined in table A4.2.

Table A4.2: Minimum Revenue Provision Forecast

<i>MRP (£m)</i>	2023/24 Actual	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast
Minimum Revenue Provision (MRP)	(4.4)	(3.9)	(4.4)	(4.8)	(5.0)	(5.2)

Capital Financing Requirement

The level of capital expenditure not yet permanently financed is measured through the Capital Financing Requirement (CFR). The CFR indicates the extent to which the council has needed to borrow (incur debt) and is calculated by taking the Council's total spend for capital purposes and deducting capital grants, receipts and revenue resource applied against the expenditure. Forecasting the CFR is a vital part of revenue budget management as it determines the level of prudent MRP.

Table A4.3: Capital Financing Requirement Actuals and Estimates

CFR (£m)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
CFR	234.4	243.2	239.8	236.9	233.7	230.2

A5. Treasury Management and Prudential Borrowing

Prudential Borrowing

The council as a local authority can borrow for purposes that comply with the CIPFA Prudential Code for Capital Finance. As part of this capital strategy a series of indicators are provided to help demonstrate that borrowing is incurred in-line with the Prudential Code. Prudential indicators are provided in section A6 of this strategy.

Under the revised code, the council *cannot* borrow for commercial purposes i.e., make capital investments primarily for financial return. The council takes decisions on its capital programme with the fundamental principle that the capital project must deliver against corporate priorities as its primary objective. The council will therefore comply with this requirement.

Treasury Management

Treasury management is concerned with the management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The council typically has surplus cash in the short-term as revenue income is received before it is spent and has borrowed cash for the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital borrowing requirements to reduce overall borrowing. At 30 November 2024 the Council had borrowings of £180m at an average interest rate of 2.54%, and £35m of investments at an average interest rate of 4.94%. The borrowing position is reported regularly to Accounts, Audit & Risk Committee as part of the Treasury Management reports.

Borrowing Strategy

The Council's main objective when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. To meet this objective the council must review the current market conditions alongside the long-term forecasts from its treasury advisors to determine how to structure borrowings. Short term loans, which usually have lower interest rates and offer excellent flexibility, are suitable for stable market conditions or when interest rates are forecast to fall. Medium to long term loans offer a certain cost of finance but are generally more expensive and inflexible. The council must therefore seek to strike a balance between short and medium to long term loans, to meet its objectives, by anticipating both its borrowing need and the forecast interest rates.

A6. Prudential Indicators

Under the Prudential Code, the council is required to ensure that all capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so the council must take into account arrangements for the repayment of debt (including through MRP) and consideration of risk, and the impact and potential impact on the council's overall fiscal sustainability.

A series of prudential indicators are set each year as part of the Capital Strategy to demonstrate that the council has due consideration of these factors when determining its capital programme.

A6.1 Debt and the CFR

The council can only borrow to support a capital purpose, and borrowing should not be undertaken for revenue or speculative purposes. The council should ensure that gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and the next two financial years.

Projected levels of the Council's total outstanding debt (which comprises borrowing and leases) are shown below, compared with the capital financing requirement (see table A4.3)

Table A6.1: Debt vs CFR (£m)	2023/24 actual	2024/25 forecast	2025/26 forecast	2026/27 forecast	2027/28 forecast
Gross Borrowing (incl. PFI & leases)	181.0	180.0	179.0	178.0	173.0
Capital Financing Requirement	234.4	243.2	239.8	236.9	233.7

As per the table, the council expects that its gross borrowing will not exceed its CFR across the MTFS period.

A6.2 Borrowing Boundaries and Limits

The council is legally obliged to determine and keep under review an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" based on the council's estimate of the maximum level of external debt in the most likely scenario is also set. The operational boundary reflects the level above which the council does not expect to require borrowing based on current cashflow projections and capital programme, and so acts as a warning level should there be a sustained or regular trend of external debt above the boundary. The operational boundary and authorised limit set by the council are outlined in table A6.2 below:

Table A6.2: Operational Boundary vs Authorised Limit (£m)	2024/25 limit	2025/26 limit	2026/27 limit	2027/28 limit
Operational boundary	290.0	200.0	199.0	198.0
Authorised limit	310.0	310.0	310.0	310.0

As part of the review of the capital and investment strategy for 2025/26 it was identified that the previous operational boundary of £290m was not reflective of the maximum external debt in the most likely scenario. The council has reviewed its approach to setting the operational boundary and has adopted an expected value approach to commitments (such as bonds, guarantees, revolving credit facilities) that are unlikely to materialise in the financial year. Instead of including the total potential liability in the worst case, as the previous approach had, the council estimates the likelihood of the commitment being called upon and the likely amount. An amount based on this assessment is included in the operational boundary to reflect that while it is very unlikely that all of these commitments be called upon in full, there is a likelihood that on average across all the commitments there may be some impact on the council's cashflows. This change to the operational boundary also does not change the council's ability to borrow. It is the most likely maximum level of borrowing based on the council's current capital programme and forecast cashflows. All future capital proposals will be considered on a case-by-case basis and the operational boundary will be reviewed

each year to ensure it includes any borrowing required for new capital projects that are considered to be affordable. The authorised limit however remains unchanged.

A6.3 Financing Cost to Net Revenue Stream

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue. Together these are referred to as financing costs and it is useful to compare this to the net revenue stream, i.e., the amount funded from Council Tax, business rates and general Government grants, to determine that capital financing costs are proportionate and affordable.

Table A6.3: Financing Costs to Net Revenue Stream (£m)	2023/24 Actual	2024/25 forecast	2025/26 forecast	2026/27 forecast	2027/28 forecast
Interest Payable	4.0	4.7	4.9	4.5	4.4
Minimum Revenue Provision	4.4	3.9	4.4	4.8	5.0
Total Financing Costs	8.4	8.6	9.2	9.4	9.4
Net Revenue Stream	29.1	27.0	26.2	23.2	19.9
Total Funding	29.1	27.0	26.2	23.2	19.9
Ratio of Financing Costs	28.9%	32.0%	35.2%	40.3%	47.2%

This indicator shows that the ratio of financing costs to net revenue streams is high and increasing across the MTFS, which is primarily due to the forecast in reduction in revenue resources. What this ratio doesn't consider is that a large proportion of the Council's financing costs are offset by the interest from on-lending to the Council's subsidiaries, and income generated by assets acquired as part of the Council's regeneration programme. This "non-treasury investment" income is not included in the net revenue stream as it does not form part of the Council's core funding but is nonetheless a key resource for the council.

A6.4 Net Income from Service Investment Income to Net Revenue Stream

This Indicator shows the financial exposure of the authority to the loss of its non-treasury investment income, i.e., income from financial investments (e.g., share and loan capital in council subsidiaries) and income from property assets:

Table A6.4: Ratio of Service Investment Income to Net Revenue Stream (£m)	2023/24 Actual	2024/25 forecast	2025/26 budget	2026/27 budget	2027/28 budget
Net Income from Financial Investments	4.5	4.9	4.0	4.0	4.0
Net Income from Property Assets	4.6	5.5	6.9	7.0	7.1
Total Service Investment Income	9.1	10.3	10.9	11.0	11.0
Net Revenue Stream	29.1	27.0	26.2	23.2	19.9
Total Funding	29.1	27.0	26.2	23.2	19.9
Ratio of Service Investment Income	31.3%	38.3%	41.7%	47.3%	55.5%

Investment income represents a significant proportion of the net revenue stream and therefore the risks around loss of this income should be monitored closely. The council conducts regular reviews of projected levels of income as part of monthly budget management and provides regular updates to senior management via performance and aged debt reporting. Risks associated with income loss can therefore be identified early and plans can be implemented to mitigate the impact so the council can continue to deliver a balanced budget.

Whilst financing costs are high, the overall picture is incomplete without factoring the contribution investment income makes towards these costs. Deducting the ratio of net income from Service Investments from the Ratio of Financing costs reveals the affordability ratio, which demonstrates the net revenue impact to the taxpayer as a result of the Council's capital investment decisions.

A6.5 Affordability Ratio

There is no established Local Authorities benchmark for this ratio as activities differ significantly. Interest earned on Treasury investment is not considered in either of the calculations and therefore it is not unexpected to see a positive percentage when the two are netted off against each other.

The affordability ratio shows that after taking into account the income relating to the capital expenditure that is being financed the council has an affordable net cost of capital financing:

Table A6.5: Affordability Ratio	2023/24 Actual	2024/25 forecast	2025/26 budget	2026/27 budget	2027/28 budget
Ratio of Financing costs	28.9%	32.0%	35.2%	40.3%	47.2%
Ratio of Service Investment income	31.3%	38.3%	41.7%	47.3%	55.5%
Affordability ratio	-2.5%	-6.3%	-6.5%	-7.0%	-8.3%

The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable, and sustainable.

The council will continue to monitor this ratio and report to senior management and members via its regular Treasury Management review. Should the affordability ratio move adversely, the council will need to review whether this is sustainable and what actions may be required to mitigate the impact to the taxpayer as part of its budget management and Medium-Term Financial Strategy.

A7. Capital Health

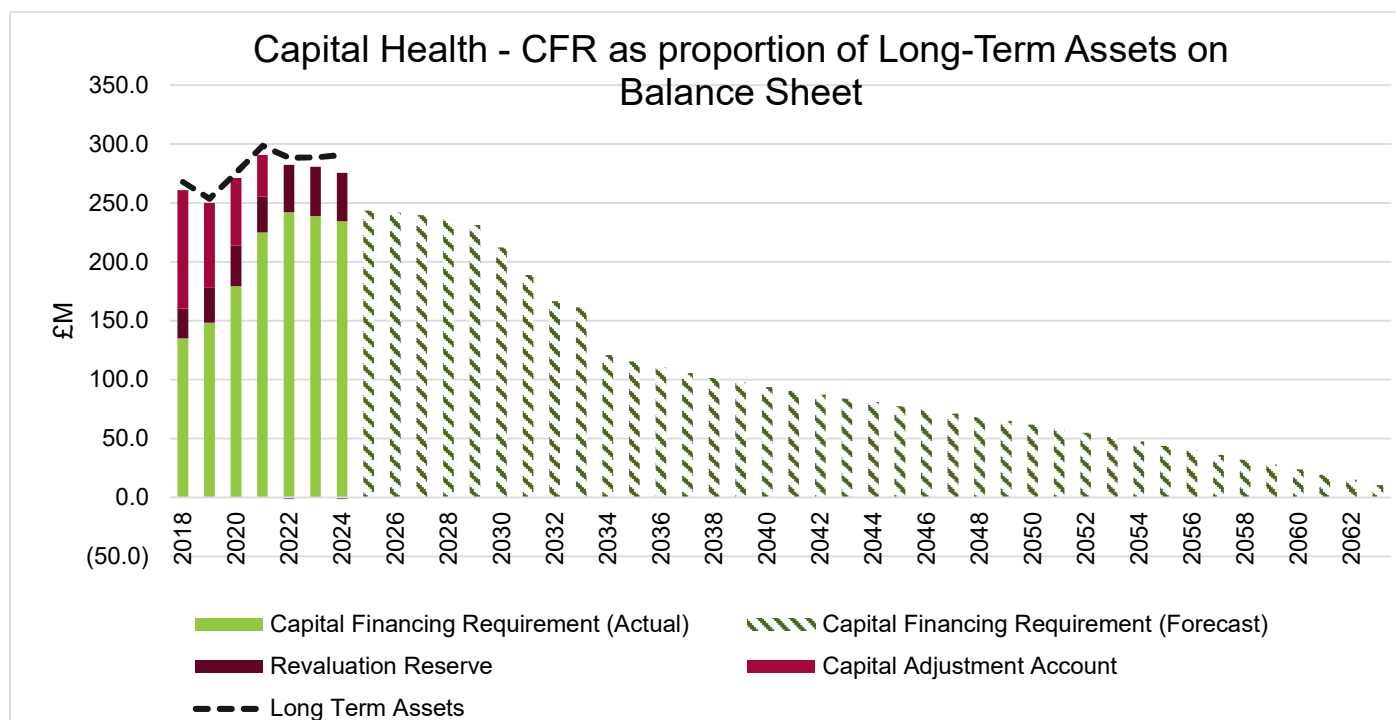
To get an indication of the Council's overall capital health, it is useful to examine the ratio of the CFR to the Council's total long-term asset value to determine the extent to which the council's assets could clear its debt through asset disposals, if necessary.

Table A7.1 – Capital Health in £ millions

Capital Health (£m)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Capital Financing Requirement	134.9	148.2	179.2	224.8	242.1	238.6	234.4
Long-Term Assets (as per statement of accounts)	267.8	253.6	275.8	298.6	288.2	288.8	290.7
CFR to Long-Term Asset Ratio	50%	58%	65%	75%	84%	83%	81%

As of 31st March 2024, the Council's CFR amounted to 81% percent of the value of its total capital worth (Long-term asset value), demonstrating that the Council's total capital worth exceeds its borrowing requirement. It should be noted that under the CIPFA code, assets can be capitalised on balance sheet based on the long-term service potential they provide and not necessarily the economic value they generate on sale, particularly assets held at historical cost e.g. intangible assets. The CFR to Long-Term asset ratio should therefore only be treated as an indicator of capital health.

Figure A7.2 demonstrates how this has changed since the council began borrowing to fund its capital programme and includes a forecast of the Council's CFR up to 2063 based on the current 5-year capital programme and no future additions to this.

Figure A7.2– Capital Health: CFR as proportion of Long-Term Assets

The Council's capital assets are comprised of fixed assets, such as property, and financial assets, such as loan and share capital. Fixed assets and long-term financial assets are less liquid than treasury management investments, as loans and share capital have contractual arrangements and agreed repayment profiles in place, whilst property is utilised in the delivery of corporate priorities. It is important that the council continues to monitor the repayment profiles of loans and valuation of its property assets to ensure that the council can cover its debt obligations through asset sales if required to do so (e.g. in the unlikely event that PWLB refinancing of loans becomes unavailable).

Based on current forecasts, the CFR is expected to be cleared by 2064. This is mainly due to the effects of the annual minimum revenue provision set aside by the council and principal repayment of capital loans and share capital investments, which are to be treated as capital receipts and are expected to be used to clear the outstanding CFR balances associated with these assets. The council continues to ensure that wherever possible, new capital projects are fully funded by capital grants, capital receipts or S106 receipts, keeping additional borrowing requirements to a minimum level and on projects whether there is a demonstrable business need or statutory duty.

A8. Asset Management and Commercial Risk

Asset Management

To ensure that capital assets continue to be of long-term use, the council is in the process of preparing a revised Asset Review, where the purpose of each asset held, is challenged, and these properties will be underpinned by policy documents which detail how each category of property is managed. This is a multi-level approach structured as follows:

- At a property level this will comprise of the preparation of an asset management plan which are then subject to periodic review and updating. This process is ongoing and informs the property strategy as a whole.

- At a tenancy level the Comprehensive Asset Register (a database of key lease events) is being updated and used to identify forthcoming lease events such as expiries, rent reviews and breaks. These are allocated to specific Property Managers to progress whose work schedules are reviewed periodically.

When a capital asset is no longer needed, it may be sold to generate a capital receipt. Receipts from capital grants, loan repayments and investments also classed as capital receipts under Local Government accounting regulations.

Commercial Risk

To drive leadership of place within Cherwell, stimulate growth, pursue economic regeneration and to generate income to support the revenue activity, the council holds commercial property assets that are subject to commercial risks. The council continues to make investments in enhancing and adapting these assets to ensure they remain fit for purpose and to maximise their service and economic potential in what has been a turbulent financial environment for commercial property nationwide in recent years.

The council recognises that the investments made in commercial property are higher risk than treasury investments. The principal risk exposures are listed below in table A8.1 together with an outline of how those risks are managed:

Table A8.1 – Commercial Risk Management

Illiquidity	<p>The council acknowledges illiquidity as a risk in property and whilst it cannot be avoided the risk is mitigated by the following strategies:</p> <ul style="list-style-type: none"> a) The council invests across a range of sectors and its assets are diversified in terms of lot size. b) Some of the Council's investments are not what is termed 'Investment Grade', but they are fundable – i.e., if sold they could be suitable for debt backed investors. c) The Council's assets are uncharged. It is often lenders who require assets to be sold and whilst gearing does not increase illiquidity per se, it can expose an owner to greater risk of selling an illiquid asset at an inopportune time.
Tenant default	<p>The council's portfolio includes both large national concerns, small local businesses (mainly retail or industrial type tenants) and individuals (such as housing tenants). Tenant default risk is managed in two ways:</p> <ul style="list-style-type: none"> a) Tenants are vetted when entering the portfolio either as new tenants when property is let or as replacement tenants when existing tenants assign their leases. It must be acknowledged that there is less control when a tenant applies for consent to assign, though guarantees may be sought. b) Risk is managed by diversification as only a small proportion of tenants may be expected to fail in any given year. c) A policy contingency budget is held within the Council's annual revenue budget alongside a market risk earmarked reserve which could be made available to meet a shortfall in income that may arise in year due to tenant defaults.
Obsolescence	<p>A significant proportion of the Council's portfolio comprises industrial / warehouse buildings and retail assets which have relatively low obsolescence compared to office premises. This is because offices in general require significant investment to maintain the landlords fit out specification in line with market demands.</p> <p>Where matters of council policy override commercial concerns, the Council's portfolio is more vulnerable. E.g., where significant outlay may be required on plant and machinery at the end of their useful economic lives. This will be considered in the Asset Management plan for each asset.</p>

Capital expenditure	Please see above but also note that the council aims to let space on Full Repairing terms which makes the tenant either explicitly responsible for maintaining the asset or allows CDC to recover the cost of repairs through the service charge provisions of the relevant lease.
Market risk	<p>Two key market risks are falling rents in response to declining economic conditions and extended marketing voids when leases end or tenants fail. These risks are mitigated in three main ways:</p> <ol style="list-style-type: none"> 1. Lease lengths should be 3 – 5 years + which obviates most market risks during the period of the tenancy. 2. Longer leases which contain regular rent review provisions normally require the rents to be reviewed in an upwards only direction. 3. Tenant failure – see above under Tenant Default, re: vetting and diversification policies plus earmarked reserves held. <p>A further risk is commercial leases with capped service charges meaning the landlord is not able to recover the full amount relating to leased space. The council has a limited number of leases with these clauses and does not routinely agree them unless there is a commercial imperative.</p> <p>An additional risk is over-exposure to town centre retailing as the portfolio's largest assets are the Castle Quay Centre and Waterside in Banbury as well as Pioneer Square in Bicester. The risks arising from these investments will be managed as part of the Strategic Asset Management plan and Asset Actions Plans for each asset.</p>
Returns eroded by inflation	Most properties are let on lease terms which contain upwards only rent reviews and some are indexed linked guaranteeing rental growth. Although in general rental levels lag against inflation (both when rising and falling due to reviews or renewals being generally every 3-5 years) rents are historically considered to be more stable with less fluctuations.
Rising interest rates	Interest rate risks are managed by the Council's Treasury Management function which is supported by professional advisers. The council publishes its approach to interest rate management in its quarterly Treasury Management Report and annual Treasury Management Strategy which should be read in conjunction with this strategy.

Commercial Governance

Decisions on investment in assets with commercial risk are made by Members and Statutory Officers in line with the criteria and limits approved by Full Council in the Investment Strategy. Acquisitions of property are made in-line with strategic priorities of the council, are capital in nature and will therefore form part of the council's capital programme.

The council also has commercial interests in trading companies, indirectly exposing it to normal commercial risks. These risks are managed by the governance structure in place. The Shareholder Committee is regularly informed of the progress of each company. The Shareholder representative meets with the directors both formally and informally to ensure there is a consistent dialog between the companies and the council.

Further details on commercial investments and limits on their use can be found in the Investment Strategy (Section B of this report).

A9. Knowledge and Skills

The council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Section 151 Officer is a qualified accountant with many years of experience and several other members of the Finance team are CIPFA members and fully qualified accountants. Senior members of the Property team are registered

surveyors with the Royal Institute of Chartered Surveyors (RICS). The council also pays for junior staff to study towards relevant professional qualifications, including CIPFA, to support professional development and team resilience. Where council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field.

B. Investment Strategy

B1. Introduction

The CIPFA Prudential Code for Capital Finance outlines that in the Investment Strategy presented to Full Council each year, it should report on all financial investments of the authority, together with other non-financial investments such as those held for service purposes or for financial return.

Local authority investments (including commercial property) may be categorised in accordance with the primary purpose of the investment. The chief financial officer makes a judgement as to the primary purpose of the investment. For the purposes of this strategy, all investments and investment income must be attributed to the following purposes as per the prudential code:

- ‘Investments for **treasury management** purposes’ (or treasury management investments) are those investments that arise from the organisation’s cash flows or treasury risk management activity, and ultimately represent balances that need to be invested until the cash is required for use in the course of business.
- ‘Investments for **service** purposes’ (or service investments) are taken or held primarily and directly for the delivery of public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services.
- ‘Investments for **commercial** purposes’ (or commercial investments) are taken or held primarily for financial return and are not linked to treasury management activity or directly part of delivering services.

In line with the above definitions, the council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations, such as subsidiaries and local community groups (**service investments**) and
- to deliver against corporate priorities as detailed in the council’s annual business plan (**service investments**)

The council does not invest *primarily* for financial return (commercial purposes) – for the council to do so, it is likely the council would need to incur borrowing. The prudential code does not permit borrowing for commercial purposes.

The council realises the benefits of its investments either through direct delivery towards corporate priorities, or by generating additional income that supports service delivery and the revenue budget.

The below table summarises how each type of investment benefits the council and its residents:

Table B1.1: Investment types and Benefits

Investment	Purpose	Examples	Strategic and Service Benefits	Economic Benefits
Treasury Investments	To manage surplus cash balances held in advance of expenditure	Money Market Funds, with the UK Government via the Debt Management Office (referred to as the DMADF), other Local Authorities and fixed deposits with banks	Effective treasury management – i.e. deposit cash in facilities that are secure, liquid and generate a financial return	Interest received can be used to support day-to-day revenue spend the council incurs in delivering its services.
Service Investment: <i>Purchasing of Share Capital</i>	To enable subsidiary companies such as Graven Hill to deliver service objectives and be commercially viable enterprises	Graven Hill, Crown House	The subsidiary is provided financial resource to deliver housing for the district	Investing in subsidiaries can help deliver service objectives that impact the local economy and help to stimulate economic growth e.g., in providing housing, attracting businesses, encouraging private investment in the district. The council may receive a dividend payment from the profits generated that can support revenue spend.
Service Investment: <i>Advancing of Capital Loans</i>	Loans are advanced to organisations such as the Council's subsidiaries, local parishes and local charities to support local public services and stimulate local economic growth	Graven Hill, Crown House, Local Charities and other organisations	To enable continual delivery of housing and infrastructure to the local community. To enable local groups to deliver objectives and priorities which align with the Council's.	Advancing loans can enable local organisations to facilitate economic growth. The council receives interest on the loan advances. Loans are repaid to the council on maturity.
Service Investments: <i>Property</i>	To help the council to deliver services, meet its corporate priorities and generate income to support its revenue activity	Bicester Depot, Castle Quay, Tramway Industrial Estate	A direct impact is made on the district through strategic place shaping, regeneration, and other forms of service delivery	Property investments support public services and help to attract for local and national businesses, driving economic prosperity. The council can generate income from lettings of space that it does not occupy, e.g., retail, and industrial space.

B2. Treasury Management Investments

The council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and Central Government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to be an average of £27.56m during the 2025/26 financial year.

Full details of the Council's policies and its plan for 2025/26 for treasury management investments are covered in a separate document, the Treasury Management Strategy.

B3. Service Investments: Loans

Contribution

The council lends money to third parties (e.g., its subsidiaries, local parishes, local charities) to support local public services and stimulate local economic growth. The main loans issued are to the council's subsidiaries – the Graven Hill Village companies and Crown House Banbury Ltd. Graven Hill is a housing development providing significant housing in Bicester. Crown House is a redeveloped derelict office building in the centre of Banbury which is providing significant residential rental opportunities in the town centre.

Security

The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. To limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table B3.1: Fair Value of Loans

Category of borrower (£m)	2023/24 Actuals			2025/26
	Balance	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	65.6	0.6	65.0	82.6
Parishes	0.0	0.0	0.0	0.0
Local charities	0.0	0.0	0.1	0.1
Other	1.1	0.1	0.9	1.1
TOTAL	66.7	0.7	66	83.7

Accounting standards (IFRS 9) require the council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. The council, however, makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk Assessment

The council assesses the risk of loss before entering into and whilst holding service loans by approaching each loan request individually. The bulk of the council's loans are to its subsidiaries. When the council considers whether or not to create or acquire a subsidiary a full business case is prepared which sets out the optimal financing of the company. This will include an assessment of the market in which it will be competing, the nature and level of competition, how that market may evolve over time, exit strategy and

any ongoing investment requirements. External advisors are used where appropriate to complement officer expertise and second opinions from alternate advisors is sought in order to monitor and maintain the quality of advice provided by external advisors.

Other service loans are evaluated against a set of criteria designed to demonstrate:

- Evidence of project objectives and needs analysis is provided
- The loan must have a demonstrable community impact
- The loan would provide up to 50% of the whole project cost
- Such a loan can only be applied for by constituted voluntary organisations with their own bank account; Town or Parish councils; charitable organisations
- The loan cannot be applied retrospectively
- The applicant has provided evidence of its financial stability and of its ability to manage the proposed scheme.
- Appropriate checks have been carried out on the owners of the organisations to be satisfied as to their integrity and to avoid any potential embarrassment to the Council.
- The applicant has demonstrated that the proposed scheme has been developed following good practice in terms of planning, procurement, and financial appraisal.
- The applicant has provided evidence the affordability of their proposed scheme and the loan repayments
- That the project furthers the council's priorities as reflected in its Business Plan

B4. Service Investments: Share Capital

The council invests in the shares of its subsidiaries to support local public services and stimulate local economic and housing growth. The council currently holds shares in Graven Hill Holding Company Ltd, Graven Hill Development Company Ltd and Crown House Banbury Ltd.

One of the risks of investing in shares is that the initial outlay may not be recovered. To limit this risk, upper limits on the sum invested in each category of shares are set as part of the Investment strategy. For 24/25, this limit was raised by £10m to allow for a potential increase in the equity investment in Crown House, however the council decided in 24/25 not to increase this equity investment and so the approved limit has returned to the £35.7m it was previously. Table B4.1 below shows the most recent values and the limit.

Table B4.1: Fair Value of Share Capital Investments

Category of company	31 st March 2024 actual			2025/26
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Subsidiaries	35.7	0	35.7	35.7
TOTAL				

The council assesses the risk of loss before entering into and whilst holding shares by maintaining close links with the Boards of Directors of the companies through an established Shareholder Committee. Risk is assessed as above in Service Loans.

The maximum periods for which funds may prudently be committed are assessed on a project-by-project basis. The decision will balance both the long-term viability of the subsidiary and the revenue and capital requirements of the council.

Shares are the only investment type that the council has identified that meets the definition of a non-specified investment in the Government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

B5. Service Investments: Property

The council invests in local property in two ways: by acquiring new assets and by enhancing existing assets to help provide and meet the needs of its residents and businesses. For example, the council has recently acquired land to relocate and expand its Environmental Services Depot in Bicester to accommodate growth across the district. The Capital Programme includes significant investment over the next five years, which includes:

- Development of the new Bicester Depot
- Transforming Bicester Market Square
- Investing in Solar Panels and Solar Photovoltaic car ports at the Council's leisure and community centres
- Commitment of funding to net zero carbon projects

The council also continues to hold strategic assets that have received significant investment in recent years to regenerate town centres and generate income for the council, the largest of which include,

- Castle Quay Centre and Waterfront, Banbury;
- Pioneer Square, Bicester;
- Tramway Industrial Estate; Banbury.
- Town Centre House, Banbury

Security

Under the statutory guidance on investments published by Central Government, the council should evaluate the security of its investments by conducting a fair value assessment against the capital invested. A fair value assessment is possible for assets held at fair value, i.e. properties valued annually as investment property (IAS 40 as adapted by the CIPFA code) or operational assets valued under Existing Use Value (EUV) where there is an active market for these types of assets.

Under the CIPFA code, operational assets are valued under the Existing Use Value approach. Existing Use valuations are conducted on assets that have service benefits, such as in provision of housing or in the delivery of regeneration objectives. Existing Use (EUV) valuations may in some circumstances be lower than Market Value due to EUV disregarding potential alternative uses of the asset. An assessment of the security of these assets is therefore made against valuations in Existing Use where Market Value is unavailable. Table B5.1 shows the latest fair value assessments of the council's high value strategic investments made in recent years:

Table B5.1: Fair Value of High Value Investments in the Council's Strategic Assets

Asset Name	Investment Cost (£m)	Book Value 31/03/2023 (£m)	Movement in Book Value (Revaluation + Depreciation) (£m)	Book Value 31/03/2024 (£m)	Gains/(Losses) in Book Value Recognised in Accounts (£m)	Last External Valuation Date
Castle Quay Waterfront, Hotel and Supermarket	68.3	29.4	(3.7)	25.7	(42.6)	31/03/2024
Castle Quay Shopping Centre	64.7	13.8	0.7	14.5	(50.2)	31/03/2024
Tramway Industrial Estate	9.6	9.1	(0.2)	8.9	(0.7)	31/03/2023
Pioneer Square	8.2	4.4	0.9	5.3	(2.9)	31/03/2024
Totals	150.8	56.7	(2.3)	54.4	(96.4)	

The decline in book values have been driven by multiple factors, particularly the changing nature of town centres and the retail market nationwide.

Book gains and losses are recognised in the Council's statutory accounts to reflect fluctuations in asset values and represent a snapshot of the Council's financial position as at a balance sheet date. Cash movements against the original capital investment are therefore not realised until an asset is disposed of.

The council recognises that property valuations are important. In the long term, valuations generally increase as a factor of the economy. With careful management of assets and lets, the council anticipates that, over time, income rental yields will improve and be reflected in the valuations. Notwithstanding, the council continues to realise property investment benefits through other non-financial factors such as regeneration and place shaping, and through revenue receipts which will help finance the capital investment.

Whilst strategically important, property valuations do not have a direct impact on the council's day-to-day financial standing. The council has prudently budgeted for the debt servicing costs on these investments and continues to receive income from the assets to support the financing of the investments. Many of the assets are long-term for the council, with current and future service benefits that also need to be taken into consideration in evaluation of the investment. As detailed in section A6 of the capital strategy, the council deems its capital investment plans to be affordable, prudent, and sustainable.

The Council's strategic asset review is still in progress, and whilst no firm decisions have been made, action is being taken to identify ways to maximise the economic and service benefits from the Council's property. Repurposing of space is a key factor the council is considering for its assets. For example, the repurposing of retail units to office space as part of the council office relocation to Castle Quay project, which was approved in the previous financial year, is well underway and due to complete in February 2025. In moving to Castle Quay, it is expected that the Council's current headquarters Bodicote House will be

sold to generate a capital receipt. As discussed in section A4 of the Capital Strategy, standard practice is for capital receipts to be used to reduce the Council's existing debt (the CFR).

By reconsidering asset use of and repurposing space to maximise service and economic benefits delivered by property assets, the council anticipates that the corresponding valuations will increase in the future. Valuations will, however, depend on market sentiment and national economic conditions.

It should be noted that the security of investment is not only considered through annual fair value assessment. Assets that generate income to the council contribute to the overall business case and therefore whilst capital values may fluctuate, income generated from property assets may be considered secure in accordance with the lease terms granted, tenant performance, and asset obsolescence.

Risk assessment

The council assesses the risk of loss before entering and whilst holding property investments by cash flow modelling the income and expenditure profile of each investment and interrogating that model across a range of scenarios to test the robustness of the investment. The modelling exercise is informed by the likelihood of tenant default and the chances that individual units will become empty during the hold period.

The property investment market is dynamic, and the council is kept abreast of developments by frequent communication and established relationships with local and national agents, supplemented by in-house investigations and reading of published research. The Council's focus is on assets that are local and help to deliver the strategic aims of the council.

In all acquisitions the council takes external advice from acknowledged experts in the field and sense-check their input against our in-house knowledge, experience, and expertise. The advice sourced covers market value but also, letting risk, marketability and occupational demand, and likely expenditure over the hold period.

The council uses a number of local and national advisors and cross reference their views periodically. There is no single party or firm which expects to be instructed by the council without competition.

Credit ratings are used on acquisitions, new lettings and when tenants request consent to assign their leases. The council uses D&B ratings as well as reviewing the published accounts of tenants or potential tenants.

A number of other strategies are used to mitigate risk:

- Tenant rent payment histories are analysed on any acquisition.
- Tenant rent payment patterns and arrears are examined in the existing portfolio.
- to the investment.
- Introducing agents advise the council throughout the acquisition process and their advice includes market commentary at a national and a local level and commentary on perceived risks
- In tandem with the above every acquisition is subject to a third-party RICS Red Book valuation by qualified surveyors who are independent i.e., not acting for the council or the vendor on the acquisition.
- Performance of due diligence enquiries about potential incoming tenants and occupiers
- Use of mechanisms such as rent deposits and guarantees to reduce risk.

Liquidity

Compared with other investment types, property is relatively difficult to sell to convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the council acknowledges illiquidity as a risk in property and whilst it cannot be avoided the risk is mitigated by the following strategies:

- The council invests across a diverse range of sectors and lot sizes. This affords the council the ability to access a range of purchaser types e.g., small local investors, listed property companies or institutions.
- The council does not invest in high-risk assets which can be the most illiquid of all other than for the purposes of delivering regeneration which has a different investment objective from pure revenue or capital return.
- Some of the Council's investments are not what is termed 'Investment Grade', but they are fundable – i.e., if sold they could be suitable for debt backed investors
- The council does not invest in specialist properties (other than those that are for service purposes, such as community centres), where the market tends to be most illiquid.
- The Council's assets are uncharged. It is often lenders who require assets to be sold and whilst gearing does not increase illiquidity per se, it can expose an owner to greater risk of selling an illiquid asset at an inopportune time.
- The Council's plans do not require the sale of assets (except in the case of relocating council headquarters to Castle Quay, which requires the sale of Bodicote House to fully finance)

B6. Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the council and are included here for completeness.

The council has contractually committed to the following loan, bond, and guarantee amounts:

Table B6.1: Loan Commitments, Bonds and Guarantees

Borrower	Purpose	£m Contractually Available
Graven Hill Village Development Company Ltd	Revolving Credit Facility available to the council's subsidiary until 2026	17.0
Graven Hill Village Development Company Ltd	Bonds and Guarantees in place	1.4
Graven Hill Village Development Company Ltd	Bond and Guarantees agreed in principle	10.3
TOTAL		28.7

B7. Capacity, Skills and Culture

Elected members and statutory officers

The senior statutory officers are qualified to degree level and have appropriate professional qualifications. Their shared business experience encompasses both the public, private and third sectors.

Training and guidance are provided to support members in delivering their roles and support effective decision making.

Investments

Negotiations are either undertaken directly by Assistant Directors or at a senior level with Assistant Director direct involvement and oversight, alongside input from Directors and Lead Members where required. Assistant Directors are aware of the regulatory regime and convey that to all junior staff.

Corporate governance

There are appropriate corporate governance measures in place which comprise end to end decision making procedures. These include risk assessments within the organisation; presentation to relevant committees including Members, statutory officers' approvals, and relevant project boards.

B8. Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure resulting from its investment decisions.

Total risk exposure

The first indicator shows the council's total exposure to potential losses in investment book value (i.e. losses not already recognised on balance sheet) which includes amounts the council is contractually committed to lend but have yet to be drawn down and guarantees the council has issued over third-party loans and the council's high value property assets. These risks are managed by the council operating within the Treasury Management, Capital and Investment Strategies and strict governance arrangements around the council subsidiary Companies.

Table B8.1: Total investment exposure in £ millions

Total investment exposure	31/03/2024 Actual	31/03/2025 Forecast	31/03/2026 Forecast
Treasury management investments*	21.9	3.8	6.6
Service investments: Loans**	57.2	57.1	56.9
Service investments: Shares	35.7	35.7	35.7
Service investments: Property***	54.4	61.0	61.3
TOTAL INVESTMENTS	169.2	157.6	160.2
Commitments to lend	17.0	17.0	17.0
Bonds & Guarantees in place and agreed in principle	22.4	11.7	3.1
TOTAL INVESTMENT EXPOSURE	208.6	186.2	180.3

*The investment forecast for 2025/26 is as per the MTFS budget and includes a forecast loan necessary for the Council to maintain its professional client status with its providers of financial services. This figure will differ from table 1.3 in the Treasury Management Strategy, as that only takes loans already committed to, into account.

**Loans as per the investment funded by borrowing (excluding interest income) as per Table B8.2

***As per the net book value in Table B5.1 for 2023/24 on high value property investments

How investments are funded

Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate specific assets with specific liabilities, this guidance is difficult to comply with. However, the following investments could be described as funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table B8.2: Investments funded by borrowing in £ millions

Investments funded by borrowing	31/03/2024 Actual	31/03/2025 Forecast	31/03/2026 Forecast
Service investments: Loans	57.2	57.1	56.9
Service investments: Shares	35.7	35.7	35.7
Service investments: Property	172.9	168.1	168.7
Total Funded by Borrowing*	265.8	260.9	261.3

**The total funded by borrowing represents the gross expenditure incurred on these types of investments which form part of the Council's CFR. MRP (see Annex A) made to date on these investments has not been included in this total.*

Rate of return received

This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested by the council. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred

Table B8.3: Investment rate of return (net of all costs)

Investments net rate of return	2023/24 Actual	2024/25 Forecast	2025/26 Forecast
Treasury management investments	5.1%	5.0%	4.5%
Service investments: Loans	7.0%	6.8%	5.9%
Service investments: Property	0.6%	1.3%	1.6%

Treasury management investments are made to deposit cash balances in facilities that offer security, liquidity and a financial return (in that order of priority). Service loan investments are required to be made at a rate of interest that complies with subsidy control regulations, and whilst financial return is not the primary purpose, may generate a higher return than treasury and property investments. The rate of return on property assets represents the return across property service investments in housing, car parks, property bought with regeneration objectives and other property. The council has invested in local housing projects which generate income at a below market rate, e.g., Affordable Housing. It is therefore not unexpected that Property investments may generate a lower return than other forms of investment the council undertakes as set out in this strategy.

Annex A – Annual Minimum Revenue Provision (MRP) Statement

MRP Summary

Where the council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). The council is required by statute to charge an amount of MRP to the General Fund Revenue account each year for the repayment of debt. The MRP charge is how capital expenditure which has been funded by borrowing is paid for by council taxpayers. Legislation requires local authorities to draw up a statement of their policy on the annual MRP, for full approval by Council before the start of the financial year to which the provision will relate.

The statutory guidance^[1] on MRP outlines 4 ready-made options for calculating prudent provision:

- Option 1 – Regulatory Method
- Option 2 – CFR Method
- Option 3 – Asset Life method a and b
 - Option 3a – *Straight Line*
 - Option 3b – *Annuity*
- Option 4 – Depreciation Method

Options 1 and 2 can only be used for capital expenditure incurred prior to 1 April 2008 (supported capital expenditure). These options are therefore unavailable to the council as it has no supported capital balances within its Capital Financing Requirement (CFR).

MRP Statement

The council is recommended to approve the following statement:

- For unsupported capital expenditure incurred on fixed assets after 31st March 2008 and not acquired under a finance leasing arrangement, MRP will be determined using **option 3b (Annuity method)** of the statutory guidance on MRP starting in the *year after* the asset becomes operational.
- MRP on the acquisition of share capital in a subsidiary company will also be calculated using **option 3b** of the statutory guidance.
- For capital expenditure incurred in the advancing of loans to third parties that are delivering service objectives on behalf of the council, such as subsidiary companies, MRP will be charged at an amount equal to any increase in expected credit losses on the loans recognised in the financial year in accordance with IFRS 9.
- Repayments of loan principal on capital loans will be treated as capital receipts and applied to the capital adjustment account to clear any unfinanced capital spend associated with the original loan advancement, reducing the Council's overall capital financing requirement.
- Capital expenditure incurred on acquiring assets under finance leases will have an MRP charge made equal to the capital rent payment made to reduce the lease liability in year.

- Capital expenditure incurred in 2025/26 will not be subject to an MRP charge until 2026/27 at the earliest.

For **option 3b**, under statutory guidance:

- “MRP is the principal element for the year of the annuity required to repay over the asset’s useful life the amount of capital expenditure financed by borrowing or credit arrangements, using an appropriate rate of interest.” In simpler terms, this is equivalent to the MRP charge matching the capital repayment profile of a mortgage or a finance lease arrangement, with payments taking place over the life of the asset and using an appropriate rate of interest to determine the annual amount.
- Adjustments to the calculation to take account of repayment by other methods during repayment period (e.g., by the application of capital receipts) will be made as necessary.

As external debt balances cannot be directly linked to specific capital expenditure (external debt is a Treasury Management function) the council has determined an *appropriate* interest rate to be the Public Works Loans Board (PWLB) rate available for an annuity-based loan, with a repayment lifetime that matches the estimated useful life of the underlying asset. The PWLB rate used is taken from on the PWLB website ^[2] and will be the rate available on the first working day of the financial year in which the expenditure is incurred.

Indicative annuity rates used in the Council’s MRP calculation are shown below which are then further reduced by 0.2% for use in the MRP calculation, in accordance with the borrowing discount available to Local Authorities:

PWLB Borrowing Rates			Loan Term/Asset Life			
Publication Date/Time	Year	10	20	30	40	50
02/04/2024 09:04:00	2024/25	4.88%	5.10%	5.41%	5.48%	5.45%
03/04/2023 09:15:48	2023/24	4.49%	4.60%	4.86%	4.89%	4.82%
01/04/2022 12:19:13	2022/23	2.50%	2.69%	2.85%	2.86%	2.80%
01/04/2021 09:08:50	2021/22	1.43%	1.97%	2.28%	2.41%	2.42%
01/04/2020 12:28:08	2020/21	2.13%	2.32%	2.60%	2.76%	2.77%
01/04/2019 12:13:33	2019/20	1.74%	2.09%	2.44%	2.60%	2.59%
03/04/2018 12:15:35	2018/19	2.07%	2.46%	2.67%	2.75%	2.72%
03/04/2017 12:15:31	2017/18	1.49%	2.18%	2.62%	2.80%	2.78%
01/04/2016 12:15:18	2016/17	1.86%	2.59%	3.08%	3.31%	3.32%
01/04/2015 12:15:49	2015/16	2.13%	2.72%	3.08%	3.29%	3.34%
01/04/2014 12:15:51	2014/15	2.96%	3.95%	4.34%	4.47%	4.50%

Calculation of the CFR

As per the requirements of the CIPFA Prudential Code, the council calculates its Capital Financing Requirement by consolidating the following elements of the balance sheet:

- Non-current tangible assets (i.e. property, plant and equipment, heritage assets, investment properties and non-current assets held for sale);
- Intangible assets – non current;
- Long-term debtors relating to capital transactions (where applicable);
- investments that treated as capital expenditure under proper practices or applicable regulations;
- Revaluation reserve;
- Capital adjustment account;
- Donated assets account;

- Other items on the Balance Sheet that relate to capital expenditure but excluding the underlying liability.

This is known as the balance sheet CFR.

The CFR can also be calculated year-on-year by taking the opening CFR and consolidating with in-year:

- Capital expenditure (acquisitions, enhancements, loans and investments)
- Capital financing applied to the capital adjustment account (capital grants, receipts, loan repayments)
- Donated assets
- Minimum Revenue Provision

This is the method prescribed by the CIFPA code on Local Authority Accounting and is disclosed as part of the Council's annual statement of accounts. Reconciliation of the two CFR methods is undertaken annually as part of year-end accounting procedures.

Amounts in the CFR excluded from MRP

In-line with the revised guidance from government published 10th April 2024^[1], the council has opted to not charge MRP in relation to the CFR for service loans to its subsidiary companies beyond the expected credit losses on the loans recognised in year. The council expects all service loans to be repaid in full and therefore the borrowing in relation to these loans will be financed by the capital receipt upon repayment. However, in line with International Financial Reporting Standard 9, the council should make an allowance for expected credit losses – that is an allowance reflecting the risk that the council does not receive all interest and principal due to them under the loan agreement – even if the risk of this is very low. It is therefore prudent to charge minimum revenue provision in line with the expected credit loss allowance to reflect the small chance that the council does not receive all of the principal at the end of the loan and so is not able to repay its borrowing. As the expected credit loss allowance for each loan is remeasured each year, any change in the risk of default is captured and therefore is also reflected in the MRP charge. As the current risk of default is low the council is satisfied that this approach is prudent, however if the risk of default becomes significant then the council would consider whether a further MRP charge would be required.

MRP Factors and Assumptions

As part of the 2023/24 Capital Strategy, Full Council approved a change of MRP approach from option 3a (Straight-line) to 3b (Annuity) for Fixed Assets, Capital Loans and Share Capital investments. The annuity approach helps to more fairly distribute capital financing costs to the taxpayer over the lifetimes of the assets invested in when factoring the time value of money. This was in recognition that the council has primarily invested in assets which are expected to have long-term benefits to the taxpayer, with benefits expected to be realised over 50 years, meaning that the effects of the time value of money are significant.

The Time Value of Money

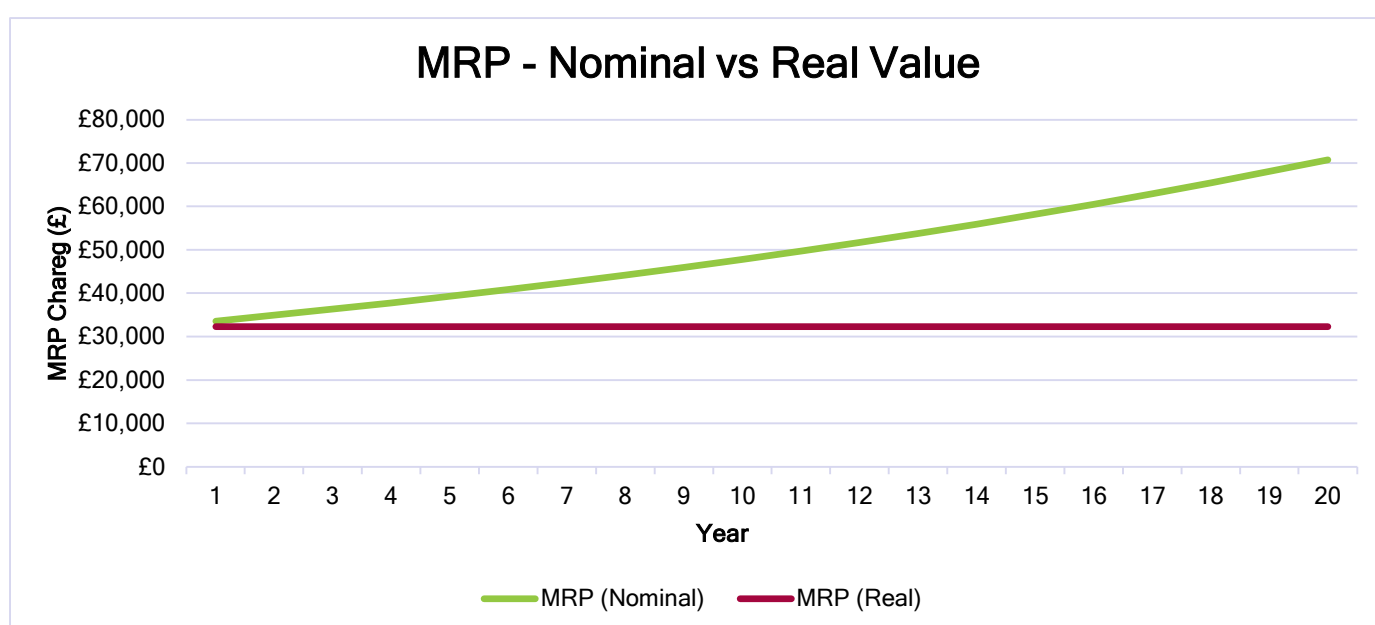
An annuity based MRP approach enables a fairer distribution of MRP across the lives of the assets invested in due to the time value of money – i.e. that the money is worth more today than in the future. The value of money can be thought of in terms of its nominal value, what money is worth in today's terms, and its real value – its actual worth at a given point in the future based on current expectations around interest rates and inflation. When interest rates are high, the effects of the time value of money are more prominent.

MRP is one of two elements that make up the cost of capital financing, the other being interest payable. When examining an annuity approach, it useful to compare the repayment profile to that of a mortgage

agreement. Whilst a mortgage has a fixed repayment profile over a given period (assuming a fixed rate of interest), the split between the amount paying off interest (revenue) and the amount paying off the capital element of the mortgage changes with time. At the start of the loan, a greater proportion of the total cost of borrowing is paid towards interest, as the principal balance outstanding on the loan is higher. The interest element decreases over time as the principal balance reduces, and as the interest reduces, more capital is paid towards the principal. MRP therefore represents the capital element of the mortgage in this scenario. The effect of this is that the MRP charge is factoring in the time value of money, and whilst the nominal value of MRP increases with time, its real value remains constant, meaning there is no increased burden on the future taxpayer.

The below table and graph demonstrate this effect for a capital investment of £1m at an interest rate of 5% with an asset life of 20 years.

Figure AN1.0 : Example Financing Costs Graphical Representation



Interest Rates

The assumption made for the MRP calculation is that the interest rate remains fixed over the life of the asset and that it matches the presiding PWLB rate at the time the expenditure was incurred.

In practice, decision on loans from the PWLB are taken as part of the treasury management, therefore actual loans may have different rates of interest, repayment profiles and maturity dates. Loans may not necessarily be repaid in instalments, but instead repaid in full on a fixed maturity date. The council in setting aside MRP, may not necessarily have any loan principal payment obligations until far into the future. MRP therefore acts as provision to repay external debt rather than as an actual repayment. In making MRP independent of actual loan principal repayments, the council is setting aside cash balances that can generate interest receivable. This has the effect of reducing the net capital financing costs to the corporate revenue budget in years when no principal repayments are due, having a similar effect to that of a capital repayment of a loan in instalments reducing interest payable.

The council recognises that the loans it takes from PWLB are in some cases going to mature earlier than when MRP can be fully provided to repay the loan and will therefore require refinancing in the future to meet existing loan obligations. This does expose the council to future interest rate and refinancing risks which are addressed and managed as part of the Council's Treasury Management Strategy and function.

Asset Lives in the MRP Calculations

The statutory guidance on MRP provides maximum useful lives for the purposes of calculating MRP. To simplify the MRP calculation, the council applies approximated useful lives based on the type of expenditure incurred. This results in a less labour-intensive calculation whilst ensuring the MRP is materially accurate and commensurate with the period over which the expenditure is expected to provide benefits. These lives will not exceed the maximum permitted by the guidance.

The useful life ranges are detailed in the table below:

Expenditure Type	Useful Life
Acquisition of Land	50 years
Acquisition of Buildings	20-50 years
Acquisition of Plant	10-20 years
Acquisition of Equipment	5-20 years
Enhancements to buildings (fitting out of space, replacement roofs etc.)	15-20 years
Home Adaptions under the Disabled Facilities Grants Scheme	5-15 years
Acquisition of Share Capital in a Subsidiary	20 years
Acquisition and Enhancement of on-premises Computer Software	1-5 years

Future MRP Considerations

The council recognises that the interest rates and inflation determine the time value of money and are likely to fluctuate over the lifetime of MRP for long-term assets. As such, the council will review the suitability of the annuity based method annually to ensure it remains appropriate. If interest rates decrease significantly, the current annuity model may no longer be the most appropriate methodology.

[1] – Statutory Guidance on Minimum Revenue Provision

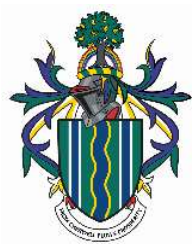
<https://www.gov.uk/government/publications/capital-finance-guidance-on-minimum-revenue-provision-third-edition/capital-finance-guidance-on-minimum-revenue-provision-5th-edition>

[2] – PWLB Lending Facility Rates

<https://www.dmo.gov.uk/responsibilities/local-authority-lending/historical-interest-rates/>



Treasury Management Strategy Statement 2025/2026



DISTRICT COUNCIL
NORTH OXFORDSHIRE

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1. Introduction

The council is required to operate a balanced revenue budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the council's low risk appetite, providing adequate liquidity initially before considering investment return.

The other main function of the treasury management service is the funding of the council's capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

“The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.1 Treasury Management Reporting

The aim of the strategy is to ensure that all the council's elected members fully understand the overall long-term policy objectives and resulting Treasury Strategy requirements, governance procedures and risk appetite.

The council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals. All of these reports will first be reviewed Accounts, Audit and Risk Committee before being recommended to council.

- a. **Treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers how the investments and borrowings are to be organised and setting treasury indicators
- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the Treasury position, prudential indicators, and whether any policies require revision.
- c. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Full Council. This role is undertaken by the Accounts, Audit and Risk Committee.

Quarterly reports – In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) has also been required. However, these additional reports do not have to be reported to Full Council but do require to be adequately scrutinised. This role is undertaken by the Accounts, Audit and Risk Committee.

1.2 Treasury Management Strategy for 2025/26

The strategy for 2025/26 covers the following Treasury management issues:

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the council
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, MHCLG Investment Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.3 Training

The CIPFA Treasury Management Code requires the Section 151 Officer, as the responsible officer, to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making. The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs.

As a minimum, the council should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies. CIPFA’s Better Governance Forum and Treasury Management Network self-assessment by members responsible for the scrutiny of treasury management will be used.
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.

The training needs of treasury management officers are periodically reviewed.

1.4 Treasury Management Consultants

The council uses MUFG Corporate Markets (previously known as Link Treasury Services) as its external treasury management advisors.

The council recognises that responsibility for treasury management decisions always remains with the organisation and will ensure that undue reliance is not placed upon the

services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

1.5 Treasury Management Portfolio

1.5.1 The overall treasury management portfolio as at 31.3.24 and for the forecast position as at 31.03.25 are shown below for both borrowing and investments.

Table 1: Overall treasury management portfolio

TREASURY PORTFOLIO				
	actual	actual	forecast	forecast
	31.3.24	31.3.24	31.3.25	31.3.25
Treasury investments	£000	%	£000	%
Banks		0%		0%
Building societies - unrated		0%		0%
Building societies - rated		0%		0%
Local authorities	13,000	59%	5,000	39%
DMADF (H.M.Treasury)		0%		0%
Money Market Funds	8,920	41%	7,821	61%
Certificates of Deposit		0%		0%
Total managed in house	21,920	100%	12,821	100%
Bond Funds		0%		0%
Property Funds		0%		0%
Total managed externally	0	0%	0	0%
Total treasury investments	21,920	100%	12,821	100%
Treasury external borrowing				
Local Authorities	15,000	8%	35,000	19%
PWLB	166,000	92%	145,000	81%
LOBOs		0%		0%
Total external borrowing	181,000	100%	180,000	100%
Net treasury investments / (borrowing)	(159,080)	-	(167,179)	-

1.6 Balance sheet summary and forecast

1.6.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

1.6.2 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the council's total debt should be lower than its highest forecast CFR over the next three years. The table above shows that the council expects to comply with this recommendation.

Table 2: Balance sheet summary and forecast

	31.3.24 Actual £m	31.3.25 Estimate £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m
General Fund CFR	234.4	243.2	239.8	236.9	233.7
Less: External borrowing	(181.0)	(180.0)	(179.0)	(178.0)	(173.0)
Less: Service Loans and lease liability	0.0	0.0	0.0	0.0	0.0
Internal/(over) borrowing	53.4	63.2	60.8	58.9	60.7
Usable reserves	(50.7)	(43.6)	(44.9)	(45.5)	(46.6)
Working capital	(24.6)	(23.6)	(22.6)	(21.6)	(20.6)
Usable reserves and working capital less internal borrowing equals Investments / (borrowing)	21.9	4.0	6.7	8.2	6.5

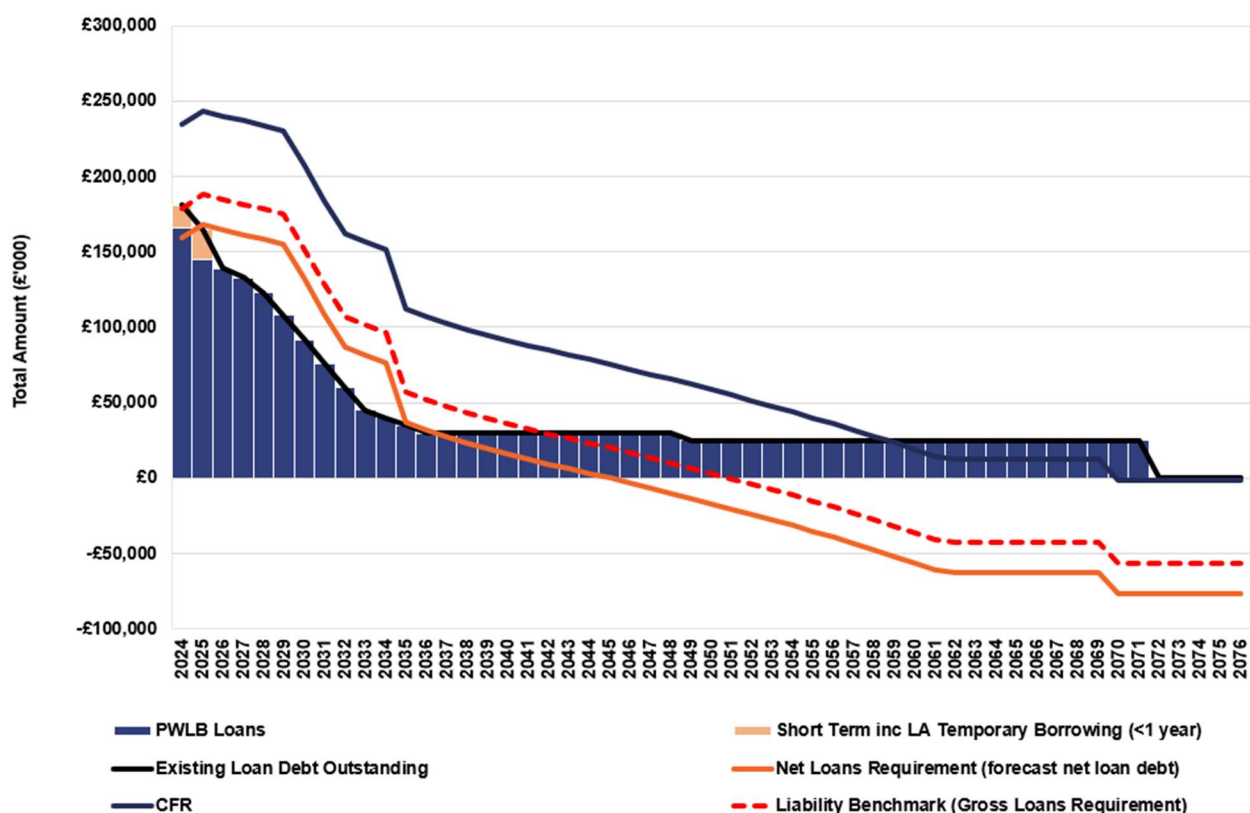
1.7 Liability Benchmark

1.7.1 The council is pleased to include the Liability Benchmark (LB) as a prudential indicator for 2025/26 in this report. The council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

1.7.2 There are four components to the LB:

- a.) **Existing loan debt outstanding:** the council's existing loans that are still outstanding in future years.
- b.) **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Minimum Revenue Provision (MRP.)
- c.) **Net loans requirement:** this will show the council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
- d.) **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

Table 3: Liability Benchmark



1.7.3 This graph is based only on approved activities in the current and proposed capital programme and it therefore assumes there are no future capital investments beyond what is included in the capital programme. This graph is not a forecast but a snapshot of the council's current commitments and loans. The difference between net loan requirement and CFR is made up of internal borrowing.

1.7.4 The LB graph above demonstrates that the council is in an under borrowed position until 2044. Using the current data available the CFR may be nil by 2068 and the estimated internal borrowing currently used to finance the CFR can be invested as the CFR reduces.

1.8 General Balances & Reserves and Expected Investment Balances

1.8.1 Internal borrowing is possible because of the council's General Balances and reserves as laid out in the table below. These funds can be used to finance capital expenditure or other budget decisions to support the revenue budget, but it is important that there is enough liquidity to ensure that should the funds be called upon that the council would not be forced to borrow in an unfavourable position.

1.8.2 The other component within this table is working Capital which is made up of a combination of debtors, creditors, long term liabilities and non-capital deferred credits / receipts.

Table 4: General Balances & Reserves and Expected Investment Balances

Year End Resources £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Collection Fund Adjustment Account	1.5	(0.1)	0.0	0.0	0.0
General Balances	6.1	6.2	6.2	6.2	6.1
Earmarked Reserves	30.9	28.6	29.8	30.4	31.5
Revenue Grants	5.9	5.9	5.9	5.9	6.0
Capital Reserves	6.3	3.0	3.0	3.0	3.0
Usable reserves	50.7	43.6	44.9	45.5	46.6
Working capital*	24.6	23.6	22.6	21.6	20.6
Internal/(over) borrowing	53.4	63.2	60.8	58.9	60.7
Usable reserves and working capital less internal borrowing equals Investments / (borrowing)	21.9	4.0	6.7	8.2	6.5

*Working capital balances shown are estimated year-end; these may vary midyear

1.9 Treasury Management Indicators

The council measures and manages its exposures to treasury management risks using the following indicators.

- 1.9.1 Interest rate exposures for both borrowing and investing:** This indicator is set to control the council's exposure to interest rate risk. The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. The upper limits on the one-year revenue impact of a 1% rise or a 0.75% fall in interest rates will be:

Table 5: Interest rate exposures for both borrowing and investing in 25/26

Interest rate risk indicator	Impact	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	Borrowing: The revenue impact would only affect the cost of refinancing maturing loans	£290,000
	Investments: As the council maintains short investment terms (average 32 days in 24/25) this would increase in revenue for investments	£262,500
Upper limit on one-year revenue impact of a 0.75% fall in interest rates	Borrowing: Falling interest rates would result in a savings in the cost of refinancing maturing loans	£217,500
	Investments: As the council maintains short investment terms (average 32 days in 24/25) this would decrease investments returns	£196,875

*calculations based on the 25/26 budget

- 1.9.2 Maturity structure of borrowing:** The council monitors its exposure to refinancing risk with the maturity structure of borrowing indicator. The practice of setting a 'maturity structure of borrowing' aims to profile the maturity dates of borrowing so that loans don't all mature at once as this exposes the council to refinancing risk. As an example, if all of the council's loans had matured in the last 6 months, the council would have been forced to refinance at the higher interest rates than budgeted for. Instead, the council's loan maturity dates are spread out. Even if rates are still high when the council needs to refinance some of the first loans in the portfolio to mature, at least the council is only exposed to the higher interest rates on those loans, and not all loans. The upper and lower limits on the maturity structure of borrowing will be as per Table 6 below:

Table 6: Maturity structure of borrowing limits in 25/26

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	60%	0%
5 years and within 10 years	70%	0%
10 years and above	80%	0%

- 1.9.3 The upper limit should always be reviewed in line with the Liability benchmark to ensure that refinancing risk is mitigated. While it is important to have flexibility to navigate changing market conditions it is critical that loan repayments are spread appropriately. The lower limit has been considered but kept at zero to ensure that the council is not forced into taking borrowings in a particular category that would lock us into an unfavourable borrowing situation. The council feels that having no set lower limit gives officers the best flexibility to react to the economic climate. For example, if a lower limit for 10-year borrowing was set it may force the council to take out loans of that term when rates are high, rather than the council's preferred strategy of borrowing for shorter periods (still spread out) until rates begin to settle at the level the council's advisors believe will be the new "normal".
- 1.9.4 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper and lower limits as shown above provide the scope to accommodate new loan(s) in the most appropriate maturity band at the time of borrowing.
- 1.9.5 **Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end. The council is asked to approve the following treasury indicator and limit:

Table 7: Long term investment limits

	2024/25	2025/26	2026/27
Upper limit for principal sums invested for longer than 365 days	£5m	£5m	£5m
Current investments as at 31.12.2024 in excess of 1 year maturing in each year	Nil	Nil	Nil

1.10 Financial implication of the 25/26 Treasury budget

- 1.7.1 The budget for treasury investment income in 2025/26 is £0.886m, based on an average investment portfolio of £26m at an average interest rate of 3.38%. This is a decrease from the £1.150m budgeted for in 2024/25, based on an average investment portfolio of £28m at an average interest rate of 5.08%.
- 1.7.2 The budget for committed debt interest payable in 2025/26 is £4.851m, based on an average debt portfolio of £179m at an average interest rate of 2.71%. This is an increase from the 2024/25 budget of £4.711m, based on an average debt portfolio of £187m an average interest rate of 2.52%.
- 1.7.3 If actual levels of investments and borrowing, or interest rates, differ from those forecasts, performance against budget will be correspondingly different.

2 Borrowing

2.1 Borrowing Strategy

- 2.1.1 The council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the council's reserves, balances and cash flow has been used as a temporary measure (as detailed in table 4.) This strategy is prudent as medium and longer dated borrowing rates are expected to slowly start reducing until they settle at around 3% in 2027/28.
- 2.1.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The S151 Officer, using information supplied by the council's Treasury Advisors, will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances for example:
- *if it was felt that there was a significant chance of a sharp FALL in borrowing rates, then long term borrowing will be postponed.*
 - *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

It is important to note that decisions can only be taken based on the best information available at the time and cannot be taken with the benefit of hindsight.

2.1.3 Any significant decisions made by the S151 officer will be reported to the Accounts, Audit and Risk Committee (AARC) at the next available opportunity. In addition, the council may borrow further short-term loans to cover unplanned cash flow shortages.

2.1.4 **Forecast of borrowing rates:** It is expected that the Bank of England base rate will slowly reduce from its current forecast rate of 4.50% in March 2025 to 3.75% by March 2026.

2.2 Approved Sources of Long and Short-term Borrowing

	Fixed	Variable
Public Works Loan Board (PWLB) and any successor body	●	●
Any other UK public sector body e.g., other councils	●	●
Any other bank or building society authorised to operate in the UK	●	●
Any institution approved for investments (see below)	●	●
UK private and public sector pension funds (except Oxfordshire County Council Pension Fund)	●	●
Insurance Companies	●	●
UK Infrastructure Bank	●	●
Overdraft	●	
Internal borrowing (capital receipts & revenue balances)		●

2.2.1 **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

	Fixed	Variable
Finance Leases	●	●
Hire purchase	●	●
Private Finance Initiative	●	●
Crowd Funding	●	●

2.3 Policy on Borrowing in Advance of Need

2.3.1 The council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be taken in consideration of the forecast Capital Financing Requirement, forecast interest rate changes, and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of investing such funds.

- 2.3.2 Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

2.4 Debt Rescheduling

- 2.4.1 As the council's PWLB loan portfolio has an average interest rate of 2.23% the PWLB would currently reward early repayment due to the discount rates on offer. For example, if the council repaid the £25m loan maturing in 2071 the PWLB would offer a 4.43% discount rate which would equate to £13.5m discount. However, a statutory override would require any discount to be amortised to revenue over 10 years, which reduces the initial revenue benefit. In addition, the council is currently in an under borrowed position and premature repayment would be problematic as loans at higher rates would need to be taken and this would create additional revenue cost. The option to reschedule existing loans will be reviewed on a regular basis and any decision making would be supported by a net present value appraisal, which would provide expected whole life net General Fund benefit.
- 2.4.2 If any loan rescheduling is to be undertaken, it will be reported to the Accounts, Audit and Risk Committee, at the earliest meeting following its action.

3 Investing

3.1 Investment strategy

- 3.1.1 The council's investment priorities will be **security first, portfolio liquidity second and then yield (return)**. The council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the council's risk appetite.
- 3.1.2 The council's strategy is to have regard to the **Environmental, Social and Governance** ("ESG") risks presented by its Counterparties. The Treasury function will favour any counterparty that offers "ESG" or 'green' investments as long as all investment criteria as laid out in this strategy are met.

It is important to note that excluding any one counterparty, on social norms or standards, will likely mean others will similarly have to be avoided and thus impact the council's capacity to mitigate risk through diversification.

- 3.1.3 In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

3.1.4 This council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

- a.) Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
- b.) **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- c.) **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 3.1 (Table 8.)
- d.) **Transaction limits** are set for each type of investment in 3.2 (Table 9.)
- e.) This council will set a limit for its investments which are invested for **longer than 365 days**, (see point 1.9 Treasury Management indicators).
- f.) All investments will be denominated in **sterling**.
- g.) As a result of the change in accounting standards from 2022/23 under IFRS 9, this council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.
- h.) However, this council will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Monthly monitoring of investment performance will be carried out during the year.

The above criteria are *unchanged* from last year.

3.2 Creditworthiness policy and approved counterparties limits

- 3.2.1 The council will only invest with counterparties with a long-term rating of A and above. The council's treasury advisors publish a bespoke approved counterparty list which is updated weekly. There is a limit of £3m per counterparty.
- 3.2.2 All other councils (Local Authorities) are approved counterparties subject to there not being a Section 114 notice in place. There is a limit of £5m per counterparty.
- 3.2.3 The council may invest unlimited amounts with the UK Government via the Debt Management Office (referred to as the DMADF.)

3.2.3 The council may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Table 8: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£3m 5 years	£3m 20 years	£5m 50 years	£3m 20 years	£3m 20 years
AA+	£3m 5 years	£3m 10 years	£5m 25 years	£3m 10 years	£3m 10 years
AA	£3 m 4 years	£3m 5 years	£5m 15 years	£3m 5 years	£3m 10 years
AA-	£3m 3 years	£3m 4 years	£5m 10 years	£3m 4 years	£3m 10 years
A+	£3m 2 years	£3m 3 years	£5m 5 years	£3m 3 years	£3m 5 years
A	£3m 13 months	£3m 2 years	£5m 5 years	£3m 2 years	£3m 5 years
A-	£3m 6 months	£3m 13 months	£5m 5 years	£3m 13 months	£3m 5 years
None*	None	None	£5m 2 years	None	None
Pooled funds		£5m per fund or trust			

* Any other UK public sector body e.g. other councils

This table must be read in conjunction with the notes below:

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and councils and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following an external credit assessment.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the council's investment objectives will be monitored regularly.

Financial Derivatives: The council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to

reduce the overall level of the financial risks that the council is exposed to. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Operational bank accounts: The council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £50,000 per bank wherever possible e.g. except for overnight balances where funds are received during the day and it is too late to transfer to another counterparty. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the council maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made until it improves sufficiently to meet our minimum criteria,
- consideration of risk of default of existing investments and whether they can be recalled or sold at no cost will be made, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings but can be seen in other market measures. In these circumstances, the council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other councils. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

Investment limits: In order that the council's revenue reserves available to cover investment losses are not put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

3.3 Investment limits

3.3.1 Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Assistant Director of Finance (S151 Officer) and staff, who must act in line with the treasury management strategy approved by council. Reports on treasury management activity are presented to the Accounts, Audit & Risk Committee. The Accounts, Audit & Risk Committee is responsible for scrutinising treasury management decisions.

3.3.2 To reduce risk, investment limits have been set, as laid out in Table 9 below:

Table 9: Monetary limit for investment types

	Investment limit
UK Central Government	Unlimited
Any single organisation, including UK public sector body e.g. other councils	£5m each
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£5m per manager
Negotiable instruments held in a broker's nominee account	£3m per broker
Registered providers and registered social landlords	£10m in total
Unsecured investments with building societies	£10m in total
Loans to unrated corporates	£5m in total
Money market funds	£20m in total
Real estate investment trusts	£5m in total

- 3.3.3 The investment limit on money market funds has been increased from £15m in total to £20m. The council currently uses 5 money market funds that offer liquidity at very competitive market rates. The increase in the total investment limit would allow flexibility in determining whether to invest funds overnight in the DMADF (UK Debt Management Office) or in Money Market Funds which have built in diversification, allocating funds invested across at least 10 high credit quality counterparties.

3.4 Related Matters

- 3.4.1 **Markets in Financial Instruments Directive (MiFID II):** The council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the council's treasury management activities, the Assistant Director of Finance (S151 Officer) believes this to be the most appropriate status.
- 3.4.2 This requires the council to have a minimum investment balance £10 million and the person making investment decisions on behalf of the council to have at least one year's relevant professional experience. Investments as well as cash deposits are count towards meeting the £10 million threshold.
- 3.4.3 **General Data Protection Regulation 2018:** Relationships with external providers covered by the Treasury management Practices are governed by and operated in accordance with the act.

4 Appendices

4.1 Interest Rates forecasts 2024-2027

Interest Rate Forecasts								
Bank Rate	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
Link	4.50%	4.25%	4.00%	4.00%	3.75%	3.75%	3.75%	3.50%
Cap Econ	4.50%	4.25%	4.00%	3.75%	3.50%	3.50%	3.50%	3.50%
5Y PWLB RATE								
Link	4.90%	4.80%	4.60%	4.50%	4.50%	4.40%	4.30%	4.20%
Cap Econ	5.10%	4.90%	4.80%	4.60%	4.60%	4.50%	4.50%	4.40%
10Y PWLB RATE								
Link	5.10%	5.00%	4.80%	4.80%	4.70%	4.50%	4.50%	4.40%
Cap Econ	5.30%	5.10%	5.00%	4.80%	4.80%	4.70%	4.60%	4.60%
25Y PWLB RATE								
Link	5.50%	5.40%	5.30%	5.20%	5.10%	5.00%	4.90%	4.80%
Cap Econ	5.70%	5.50%	5.30%	5.00%	4.90%	4.90%	4.80%	4.70%
50Y PWLB RATE								
Link	5.30%	5.20%	5.10%	5.00%	4.90%	4.80%	4.70%	4.60%
Cap Econ	5.30%	5.20%	5.20%	5.10%	5.00%	4.90%	4.80%	4.80%

4.2 Economic backdrop - 31st December 2024

The Bank of England (BoE) kept Bank Rate unchanged at 4.75% at its December meeting. While the result was in line with market expectations, the vote was not, with two more members voting for a cut. The 6-3 vote provided a dovish tilt to the result, with those in favour of a reduction citing concerns over the economic outlook, which could pull inflation below target over the medium term. The meeting also saw the Bank lower its Q4 growth forecast from 0.3% to 0%.

Regarding higher than expected private sector wage increases in the latest print, the Bank merely noted that this "tends to be volatile". Further, those members who voted for no change also reiterated that they still expected to deliver cuts in 2025, with Governor Bailey saying that "we think a gradual approach to future interest rate cuts remains right, but with heightened uncertainty in the economy, we cannot commit to when or by how much we will cut rates in the coming year." This pushed back on a hawkish shift in market sentiment seen in the run-up to the decision. Market sentiment regards the future policy path did see some fresh extension of rate cut expectations, but the first move has drifted back to the meeting in May. Thereafter, markets expect a second cut by September but remain shy of pricing in a further move before the close of the year.

4.3 Glossary of terms

Counterparties - an opposite party in a contract or financial transaction. This may include the central Government, councils, Banks and Building societies to name a few.

Cost of Carry - The difference between the interest payable on borrowing on debt and the interest receivable from investing surplus cash.

Debt Rescheduling - A change in the terms of outstanding loans. The rescheduling can take the form of an entirely new loan, or it could mean repaying the debt early for a discount if the current market rates are higher than the fixed interest on the loan.

General Balances and Reserves – The General balance has been created by keeping aside surplus funds during an accounting period to meet contingencies or offset future losses. Reserves however are created for a specific purpose. This may be funds that have been received and earmarked for a specific purpose in the future.

Internal Borrowing – Instead of taking external loans to fund activities such as Capital expenditure, the council may use income and grants received in advance, to fund these activities. Usually, surplus funds are invested to earn interest, however it is prudent to use these funds instead of loaning money as loans generally cost more than could be earned by investing the funds.

Laddering – is an investment technique that requires investors to purchase multiple financial products with different maturity dates. The aim is to produce steady cash flow by deliberately planning investments.

Liability Benchmark – demonstrates how a council's existing debt maturity profile and other cash flows affect their future debt requirement. Its aim is to show whether the council is in an over-borrowed position (existing debt maturity profile is greater than their forecast debt requirement) or an under-borrowed position (existing debt maturity profile is less than their forecast debt requirement.) In monitoring this position the council can aim to secure interest rates at the acceptable rates and manage interest payable costs.

Appendix 15 - General Balances Risk Assessment

Risk	Mitigation	Likelihood	Probability Weighted potential impact
Business Rates Appeals being 1% Greater than current assumptions	Provision has been made for a prudent level of appeals.	15%	0.420
Business Rates Growth Forecasts optimistic	Business rates forecast based on latest intelligence of businesses included on the ratings list.	25%	0.098
Council Tax growth forecasts optimistic	Council tax forecasts are based on Land Supply Data from Planning.	25%	0.000
Council Tax Support Claimants greater than budgeted	The taxbase projections have assumed the current level of CTS claimants continues.	25%	0.042
Outcome of the Government Fair Funding Review	The outcome may not be in line with current financial planning assumptions of neutral in real terms. There is potential for both improvements and deterioration. But not expected to take place until 2025/26 at the earliest.	80%	3.440
Inflation runs at higher than rate assumed in MTFS	Budget assumes inflationary impacts.	25%	0.022
Pay Inflation runs at 1% higher than rate assumed	Budget assumes inflationary impact of pay award.	25%	0.085
1% unbudgeted rise in short-term and long-term interest rates	The Council has factored in to the budget prudent assumptions about interest rates at which it will borrow in 2024/25.	50%	0.200
Delivering the savings programme and identifying future savings	The Council has scrutinised the savings proposals included within the budget, but anticipate having to identify significant savings in the medium term.	25%	1.475
Commercial Risk	Regular reviews take place of the Council's commercial interests and the latest estimates have been used when setting the budget.	25%	1.000
Loans, Guarantees and Bonds	Regular reviews take place with the companies that loans and guarantess are given to in order to ensure that they are on a stable financial footing.	1%	1.030
Exceeding the 5% Partial Exemption VAT limit	VAT Returns are carried out monthly to HMRC and the VAT position monitored appropriately.	10%	0.040
TOTAL			7.852

DOCUMENT CONTROL

Organisation(s)	Cherwell District Council (CDC)
Policy title	Reserves Policy
Owner	Finance
Date of implementation	February 2020

DOCUMENT APPROVALS

This document requires the following committee approvals:

Committee	Date of meeting pending approval
Executive	09 September 2024

DOCUMENT DISTRIBUTION

This document will be available on the Finance intranet page.

DATE FOR REVIEW

No later than 31 March annually but sooner if required.

REVISION HISTORY

Version	Revision date	Summary of revision
2.0	05 July 2023	Addition of section 6.2
2.1	09 September 2024	Amendment of section 6.1 to delegate authority of use of capital receipts reserve to the S151 officer

CHERWELL DISTRICT COUNCIL RESERVES POLICY

1. Background

- 1.1. The purpose of this policy is to set out how Cherwell District Council (CDC) will determine and review its overall level of reserves and how it uses them.
- 1.2. Sections 31A and 42A of the Local Government Finance Act 1992 require authorities to have regard to the level of balances and reserves needed for meeting estimated future expenditure when calculating the council tax requirement.
- 1.3. CDC has usable reserves and unusable reserves on its Balance Sheet. The unusable reserves are as a result of accounting adjustments and are not therefore available to spend. This policy will concentrate on usable reserves.

2. General Policy

- 2.1. Usable reserves can be split into the following categories:
 - General Balances
 - Earmarked Reserves
 - Revenue Grant Related Reserves
 - Capital Reserves
- 2.2. CDC maintains usable reserves primarily for the following reasons:
 - The need to put aside sums in case of unexpected or unplanned events or emergencies.
 - To smooth out the impact of payments on the revenue account
 - To cover timing differences such as grant money received in any given year where expenditure takes place in a later year
 - To provide pump prime funding for projects to deliver changes in working practices on an invest to save basis. Any approved use on this basis must include an agreed repayment plan
 - A means of building up funds to meet known or predicted liabilities
- 2.3. Reserves can only be used on a one-off basis which means that their application does not offer a permanent solution to delivering savings or reductions in the level of expenditure.

3. Usable Reserves

3.1. General Balances

- 3.1.1. These are funds that do not have restrictions as to their use. CDC can use them for any purpose within the General Fund. The purpose of general

reserves is to manage the impact of exceptional emergencies and unforeseen events. Without such reserves the potential financial impact of these unforeseen events could cause a financial deficit in the General Fund, which would be severely disruptive to the effective operation of the authority.

3.2. Earmarked Reserves

3.2.1. Earmarked Reserves enable CDC to set aside sums to meet specific future anticipated liabilities. Funds could be set aside for items such as (but not limited to):

- cyclical maintenance,
- cyclical events such as elections,
- income generated that must be spent on specific purposes,
- managing market volatility (e.g. commercial rent)
- insurance.

3.2.2. Earmarked reserves should not be held for a sustained period of time as they are held for a specific purpose¹. Where earmarked reserves are no longer required for their original purpose or are not expected to be spent over the medium term they should be reviewed and a decision made on using for alternative purposes.

3.2.3. In line with financial regulations, where a service has generated a service underspend as part of its day to day running, this should not be requested to be set aside as an earmarked reserve without a specific purpose; it should contribute to the overall benefit of CDC's financial position and the achievement of its corporate objectives.

3.2.4. The request to use earmarked reserves, create new earmarked reserves or contribute to existing earmarked reserves (where not approved as part of the budget) must be approved by the Executive. The allocation of Earmarked Reserves will be made when services can demonstrate that the funding is required for that particular purpose.

3.3. Revenue Grant Related Reserves

3.3.1. These reserves relate to the unused element of grant support for which the conditions of the grant are expected to be met. The reserves will be used to meet future years' expenditure for the service for which the grant was awarded. These reserves are managed by Directors.

3.3.2. CDC holds various Section 106 reserves which were contributed by private companies to improve the local community. The fund must be used for the specific scheme and within the agreed timescale. If funds are not used they need to be returned back to the contributors.

¹ with the exception of insurance reserves held to manage risk for which it is difficult to forecast when they will be called upon

3.3.3. Use of these reserves should be planned as part of the budget setting process. Use of these reserves during the financial year requires approval by the Section 151 Officer.

3.4. Capital Reserves:

3.4.1. These are reserves that have been set aside to finance capital schemes and cannot be used to support revenue expenditure without the consent of the Secretary of State for Local Government. These reserves comprise:

- Capital Receipts Reserve reflects the income received from the disposal of capital assets prior to being used to fund future capital expenditure or for the redemption of debt. Capital receipts cannot be used to fund revenue expenditure except where allowed by statute. CDC will allocate resources from the Capital Receipts Reserve in line with its priorities
- Capital Grants Unapplied reflects the unused element of capital grants or capital contributions awarded to CDC, for which the conditions of the grant support are expected to be met or for which there are no conditions. The reserve will be used to meet future years' capital expenditure in a way which best fits with CDC's priorities.

4. **Determining the Level of General Balances and Earmarked Reserves**

- 4.1. CDC must maintain sufficient general balances and earmarked reserves to cover the key financial risks and contingencies.
- 4.2. Section 25 of the Local Government Finance Act 2003 requires that when a local authority is agreeing its annual budget and council tax precept, the Chief Finance Officer must report on the adequacy of the proposed financial reserves
- 4.3. As part of the budget setting process the Section 151 Officer will consider and assess the level of general balances and earmarked reserves. Consideration will be given to the strategic, operational and financial risks facing CDC.
- 4.4. Major factors to be considered when evaluating the level of general balances and earmarked reserves, include but are not limited to the following:

Budget Assumptions	Issues to Consider
Inflation and interest rate volatility	The overall financial standing of CDC
Scale of budget gap over the medium term	The trend of CDC's financial management and the robustness of the MTFS – i.e. is it balanced over the medium term and delivered annually?

Savings delivery	Size, scale, complexity and pace of the savings programme and risks around slippage or non-delivery.
The availability of other funds to deal with major contingencies and the adequacy of provisions	The adequacy of CDC's arrangements to cover major unforeseen risks.
Income streams	Volatility in levels of income
Government funding	Political landscape and approach to allocating funding across local government

5. Governance and Review

- 5.1. The Council recognises the need to hold and maintain adequate reserves that meet the needs of the organisation. However, there is an opportunity cost as a result of the Council allocating resources away from other potential uses. It is therefore essential for the Section 151 Officer to regularly review the purpose and level of reserves.
- 5.2. All anticipated use of reserves should be understood and recognised as part of the budget setting process and agreed when Council approves the budget.
- 5.3. Any identified use of, or contribution to, reserves after the budget has been set should be approved by the Executive, or the Section 151 Officer in the case of grant reserves, prior to the budget being changed. Uses should be for specific purposes for which reserves have been set aside and not to address savings non-delivery or budget pressures. Contributions to reserves should be for specific costs expected to be incurred in the future.
- 5.4. The reserves position is reported quarterly as part of the revenue monitoring process. The planned usage of reserves is also included as part of the budget setting process. In addition the level and use of reserves is reported and reviewed during the closedown process.
- 5.5. The reserves policy will be reviewed annually as part of the budget setting process.

6. Use of Reserves Approval

- 6.1. Table 1 below shows the level of approval required to use or contribute to usable reserves.

Table 1 Level of approval required for requested use of or contribution to reserves

Type of Reserves	Level of Approval Required*
General Reserves and Balances	Executive
Earmarked Reserves	Executive
Revenue and Capital Grant Related Reserves	Section 151 Officer
Capital Receipts Reserves	Section 151 Officer**

* Unless previously approved by Full Council as part of approval of the budget

** If the Section 151 officer feels there is benefit to using the flexible use of capital receipts direction to fund revenue costs then in line with the statutory guidance a flexible use of capital receipts strategy will be taken to full council for approval.

- 6.2 The current trend for external audits to extend beyond the end of the next financial accounting year can result in changes to the accounts which could have an impact on useable reserves. Therefore, for changes to and from useable reserves which come about as a result of external audit following the submission of the annual outturn report, the Section 151 Officer will have delegated authority, in consultation with the Portfolio Holder for Finance, to manage the impact on useable reserves of such changes to ensure the long-term resilience of the Council. Any such changes made under this delegated power will be reported to the Executive when the audit is complete.

Appendix 16 - Forecast use of earmarked reserves

	Actual Balance 1 April 2024	Forecast Transfer FROM/ (TO) reserves	S151 Review of Reserves	Forecast Balance 1 April 2025	2025/26	2026/27	2027/28	2028/29	2029/30	Expected Balance 1 April 2030
General Balances	(6.153)	0.000	(1.700)	(7.853)	0.000	0.000	0.000	0.000	0.000	(7.853)
Earmarked Reserves	(28.325)	(2.224)	1.700	(28.848)	(2.633)	(0.399)	(0.449)	(0.449)	(0.449)	(33.227)
Revenue Grants	(2.552)	1.272	0.000	(1.280)	0.523	0.007	0.007	0.007	0.007	(0.730)
Total Revenue Reserves	(37.029)	(0.952)	(0.000)	(37.981)	(2.110)	(0.392)	(0.442)	(0.442)	(0.442)	(41.810)
Capital Reserves	(6.293)	0.345	0.000	(5.948)	0.720	3.355	0.000	0.000	0.000	(1.873)
TOTAL RESERVES	(43.322)	(0.606)	(0.000)	(43.929)	(1.390)	2.963	(0.442)	(0.442)	(0.442)	(43.683)

Appendix 16 - Forecast use of earmarked reserves

		Opening	Forecast 24/25		Closing	Forecast use over MTFS Period					Forecast Balance at end of Period £m
Description	Owner	Actual Closing Balance 31 March 2024 £m	Transfer FROM / (TO) Reserve 2024/25 £m	S151 Review of Reserves £m	Forecast Closing Balance as at 31 March 2025 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
General Balances											
General Fund Balance	S151 Officer	(6.153)	-	(1.700)	(7.853)	-	-	-	-	-	(7.853)
Earmarked Reserves											
Country Park Reserve	Corporate Director - Communities	(0.025)	0.025	-	-	-	-	-	-	-	-
Elections	Corporate Director - Resources	-	-	-	-	-	-	-	-	-	-
Licensing	Corporate Director - Communities	(0.108)	0.020	-	(0.088)	0.030	-	-	-	-	(0.058)
Planning & Development	Corporate Director - Communities	(0.239)	0.070	(0.176)	(0.345)	(0.025)	(0.025)	(0.075)	(0.075)	(0.075)	(0.620)
Planning Control	Corporate Director - Communities	(0.209)	0.209	(0.183)	(0.183)	-	-	-	-	-	(0.183)
Pensions Deficit	S151 Officer	(1.900)	0.252	-	(1.648)	0.252	0.252	0.252	0.252	0.252	(0.388)
Bicester reserve	Corporate Director - Communities	(0.148)	-	0.148	-	-	-	-	-	-	-
Transformation Reserve	Corporate Director - Resources	(1.705)	0.949	-	(0.756)	0.656	-	-	-	-	(0.100)
Health & Safety - Public Food	Corporate Director - Communities	(0.046)	-	0.046	-	-	-	-	-	-	-
Cherwell Lottery - Revenue	Corporate Director - Communities	(0.006)	-	-	(0.006)	-	-	-	-	-	(0.006)
Dilapidations, Garage Project and Canalside	Corporate Director - Resources	(0.395)	(0.024)	-	(0.419)	0.064	(0.025)	(0.025)	(0.025)	(0.025)	(0.455)
Capital Reserve	S151 Officer	(2.066)	-	2.066	-	-	-	-	-	-	-
Projects	S151 Officer	(4.027)	(1.225)	(0.291)	(5.543)	(0.241)	-	-	-	-	(5.784)
Transformation Implementation Reserve	S151 Officer	(4.974)	-	-	(4.974)	(1.262)	-	-	-	-	(6.236)
Market Risk Reserve	S151 Officer	(8.300)	(0.396)	-	(8.696)	(0.372)	(0.811)	(0.811)	(0.811)	(0.811)	(12.312)
Growth Deal	Corporate Director - Communities	(0.226)	-	0.226	-	-	-	-	-	-	-
M&S Surrender Premium	S151 Officer	-	-	-	-	-	-	-	-	-	-
DOVECOTE MILCOMBE	Corporate Director - Communities	-	-	-	-	-	-	-	-	-	-
Bicester Youth Bus	Corporate Director - Communities	(0.013)	0.008	-	(0.005)	-	-	-	-	-	(0.005)

Appendix 16 - Forecast use of earmarked reserves

		Opening	Forecast 24/25		Closing	Forecast use over MTFS Period					Forecast Balance at end of Period £m
Description	Owner	Actual Closing Balance 31 March 2024 £m	Transfer FROM / (TO) Reserve 2024/25 £m	S151 Review of Reserves £m	Forecast Closing Balance as at 31 March 2025 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
Sport and Physical Activities	Corporate Director - Communities	(0.055)	-	-	(0.055)	0.055	-	-	-	-	-
Courtyard Youth Arts	Corporate Director - Communities	(0.003)	0.003	-	-	-	-	-	-	-	-
Housing & Planning Reserve	Corporate Director - Communities	(0.322)	0.139	0.183	-	-	-	-	-	-	-
Home Improvement Agency	Corporate Director - Communities	(0.075)	0.035	-	(0.040)	-	-	-	-	-	(0.040)
Development management Casework	Corporate Director - Communities	(0.200)	0.024	0.176	-	-	-	-	-	-	-
Revenues and Benefits New burdens	S151 Officer	(0.080)	0.010	-	(0.070)	0.010	0.010	0.010	0.010	0.010	(0.020)
Climate action reserve	Corporate Director - Communities	(0.067)	-	0.005	(0.062)	-	-	-	-	-	(0.062)
Business Rates Equalisation reserve	S151 Officer	(0.586)	(1.819)	-	(2.405)	(1.800)	0.200	0.200	0.200	0.200	(3.405)
Banbury Health Centre Sinking Fund	Corporate Director - Resources	(0.073)	0.019	-	(0.054)	-	-	-	-	-	(0.054)
Work in Default	Corporate Director - Communities	(0.077)	-	-	(0.077)	-	-	-	-	-	(0.077)
Interest Rate Equalisation	S151 Officer	(2.400)	(0.522)	-	(2.922)	-	-	-	-	-	(2.922)
Legal Project Reserve	Monitoring Officer	-	-	(0.500)	(0.500)	-	-	-	-	-	(0.500)
Revenue Grants											
COMF - general allocation remainder of £913k	Corporate Director - Communities	(0.071)	0.071	-	-	-	-	-	-	-	-
Garden Community Capacity Funding	Corporate Director - Communities	(0.125)	-	-	(0.125)	-	-	-	-	-	(0.125)
SPARK	Corporate Director - Communities	(0.010)	-	-	(0.010)	-	-	-	-	-	(0.010)
Rough Sleep Initiative	Corporate Director - Communities	(0.043)	0.038	-	(0.005)	-	-	-	-	-	(0.005)
Homelessness Prevention	Corporate Director - Communities	(0.824)	0.622	-	(0.202)	0.201	-	-	-	-	(0.001)
Police & Crime Commissioner	Corporate Director - Communities	(0.064)	-	-	(0.064)	-	-	-	-	-	(0.064)
Bicester Garden Town	Corporate Director - Communities	(0.655)	0.333	-	(0.322)	0.315	-	-	-	-	(0.007)

Appendix 16 - Forecast use of earmarked reserves

Description	Owner	Opening	Forecast 24/25		Closing	Forecast use over MTFS Period					Forecast Balance at end of Period £m
		Actual Closing Balance 31 March 2024 £m	Transfer FROM / (TO) Reserve 2024/25 £m	S151 Review of Reserves £m	Forecast Closing Balance as at 31 March 2025 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	
Bicester Village Roundabout	Corporate Director - Communities	(0.189)	0.007	-	(0.182)	0.007	0.007	0.007	0.007	0.007	(0.148)
Hanwell Fields S106 funding revenue	Corporate Director - Communities	(0.096)	0.009	-	(0.087)	-	-	-	-	-	(0.087)
Community Initiative Fund (S106)	Corporate Director - Communities	(0.028)	-	-	(0.028)	-	-	-	-	-	(0.028)
Land at White Post road S106 funding revenue	Corporate Director - Communities	(0.049)	-	-	(0.049)	-	-	-	-	-	(0.049)
Milton Road, Ayres Drive S106 funding revenue	Corporate Director - Communities	(0.213)	0.005	-	(0.208)	-	-	-	-	-	(0.208)
Discretionary Housing Payments matched funding	S151 Officer	(0.187)	0.187	-	-	-	-	-	-	-	-
Capital Reserves											
Disabled Facilities Grants	Chief Executive	(0.123)	-	-	(0.123)	-	-	-	-	-	(0.123)
Capital Receipts Reserve	S151 Officer	(0.606)	-	-	(0.606)	-	-	-	-	-	(0.606)
Cherwell Local Lottery - Play Well in Cherwell	Chief Executive	(0.165)	0.165	-	-	-	-	-	-	-	-
Capital Grants & Contributions	S151 Officer	(5.014)	0.180	-	(4.834)	0.720	3.355	-	-	-	(0.759)
Hanwell Fields S106 funding capital	Corporate Director - Communities	(0.046)	-	-	(0.046)	-	-	-	-	-	(0.046)
Land at White Post road S106 funding Capital	Corporate Director - Communities	(0.340)	-	-	(0.340)	-	-	-	-	-	(0.340)
		(43.322)	(0.606)	0.000	(43.929)	(1.390)	2.963	(0.442)	(0.442)	(0.442)	(43.683)